

PENSION FUND COMMITTEE



Date: Thursday, 29 June 2017

Democratic and Members' Services

Quentin Baker

LGSS Director: Law and Governance

10:00hr

Shire Hall

Castle Hill

Cambridge

CB3 0AP

Kreis Viersen Room

Shire Hall, Castle Hill, Cambridge, CB3 0AP

AGENDA

Open to Public and Press

1. **Apologies for absence and declarations of interest**
Guidance on declaring interests is available at
<http://tinyurl.com/ccc-conduct-code>
2. **Minutes and Action Log of the Pension Fund Committee held 23 March 2017, and minutes of the Pension Fund Committee held 25 May 2017** **5 - 22**
3. **Internal Audit Report 2016-17** **23 - 40**
4. **Governance and Legislation report** **41 - 50**
5. **Business Plan Update report** **51 - 68**
6. **Employers Admission and Cessations Report** **69 - 76**
7. **Review of Administration Strategy** **77 - 136**

8. Exclusion of Press and Public

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 the financial or business affairs of any particular person (including the authority holding that information)

9. III Health Insurance

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

10. Procurement of an Actuarial, Benefits and Governance Consultancy Service

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

11. Asset Pooling Update

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

12. Date of Next Meeting

- 27th July 2017

The Pension Fund Committee comprises the following members:

Mr Gareth Deeble Councillor Andrew Fraser Mr Matthew Pink Councillor David Seaton and Mr John Walker Councillor Peter Downes Councillor Anne Hay Councillor Roger Hickford Councillor Terence Rogers Councillor Josh Schumann and Councillor Mike Shellens

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

Clerk Name: Dawn Cave

Clerk Telephone: 01223 699178

Clerk Email: dawn.cave@cambridgeshire.gov.uk

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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>.

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MINUTES OF THE PENSION FUND COMMITTEE

Date: Thursday 23rd March 2017

Time: 10:00am –12.30pm

Place: Kreis Viersen Room, Shire Hall, Cambridge

Committee Members present:

Councillors P Ashcroft, A Fraser, R Hickford (Chairman), N Kavanagh, M Leeke (Vice Chairman), J Schumann and D Seaton; G Deeble, M Pink and J Walker

Officers: C Blose, D Cave, A Forth (representing C Mason), T Kelly (representing S Heywood), M Oakensen, P Tysoe, J Walton and M Whitby; G Nathan (Hymans)

104. DECLARATIONS OF INTEREST

John Walker declared a personal interest as a retired member of the LGPS, his son was a deferred member, and his daughter-in-law was an active member.

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

**105. MINUTES AND ACTION LOG OF THE PENSION FUND COMMITTEE
8TH DECEMBER 2016**

The minutes of the Pension Fund Committee meeting held on 8th December 2016 were approved as a correct record, with the following correction:

Date of next meeting (last page) should read 23rd March 2017

With regard to the Action Log item no. 86, Michelle Oakensen advised that the problem had arisen again with respect to the late-paying employer discussed at the previous meeting, but they had now paid, and the situation should now be resolved.

It was resolved to:

- (1) approve the minutes of the Pension Fund Committee meeting held 8th December 2016;

- (2) note the Action Log of the Pension Fund Committee.

106. GOVERNANCE AND LEGISLATION REPORT

The Committee received a report on governance issues concerning the Local Government Pension Scheme (LGPS) on a national and local basis, and also details of forthcoming training events.

The Pensions Regulator (TPR) had published a short guide on record keeping for trustees and managers of occupational pension schemes and public services pension schemes. In future, TPR would be asking to report on their record keeping work in the annual scheme return. This would be submitted for consideration to the December 2017 Pension Fund Committee meeting.

With effect from 24th March 2017, Clive Mason would be replacing Stephen Pilsworth on the Pensions Committee as the Section 151 representative for Local Authorities. Members welcomed Adrian Forth, who was attending the meeting on behalf of Clive Mason.

Members were reminded that Gareth Deeble, the elected substitute for non-local authority employers, had kindly been acting up as the main representative, and this arrangement was due to end on 31st March 2017. The details of the position had been circulated to all non-local authority employers, but no nominations had been received. The deadline would therefore be extended and details of the vacancy recirculated. The Chairman thanked Gareth for all his contributions to Committee meetings over the last year.

It was resolved to:

note the content of the report.

107. BUSINESS PLAN UPDATE REPORT 2016-17

The Committee considered the fourth Pension Fund Business Plan Update for the 2016-17 financial year to Pension Committee.

Member and Employer Self Service – work was continuing with employers and members, and take up was increasing. The Committee noted there was a significant overpayment (£13,659.83) where a widow had failed to inform Pensions of the death of her husband. It was confirmed that the widow had subsequently passed away, but that the overpayment was being recovered.

Members noted the Key Performance Indicators for the period, and the factors which had effected those KPIs.

Turning to the timeliness of employer and employee pension contributions, Members considered the analysis of the reasons for late payments in November and December, noting that most of the issues had been resolved. One significant employer, discussed at previous meetings, had persistently made late payments, and the Committee had previously been advised that this situation was now resolved. However, the employer was late paying in February. Officers advised that this issue had been taken up with one of the employer's Directors, who confirmed that the February late payment was a genuine error and a system was now in place. The Director had given assurances that the error would not be repeated, although of course there was no guarantee that there may not be an unrelated error.

It was resolved to:

note the Pension Fund Business Plan Update for the 2016-17 financial year.

108. EMPLOYERS ADMISSION AND CESSATIONS REPORT

The Committee received a report on the admission of five academy trusts, four admission bodies and the cessation of seven employers from the Cambridgeshire Pension Fund.

Councillor Schumann declared an interest as a Director on the Board of Staploe Education Trust.

It was noted that the following admission bodies needed to be removed from the report as the Multi Academy Trust of each of these had previously been reported. The Multi Academy Trust is classed as the Scheme Employer not individual entities within the Trusts: Godmanchester Community Education Trust, Staploe Education Trust, Chilford Hundred Education Trust and CamAcademy Trust.

It was confirmed that the payment for Taylor Shaw Ltd, which was being withdrawn from the Fund, was being calculated.

It was resolved to:

1. note the admission of the following Multi Academy Trusts to the Cambridgeshire Pension Fund:
 - Tri-Borough Alternative Provision

2. note the admission of the following admission bodies to the Cambridgeshire Pension Fund:
 - CRCC – Cambridge Rape Crisis Centre
 - Lunchtime UK Ltd (Fulbourn Primary)
 - Lunchtime UK Ltd (Abbey Meadows Community Primary School)
 - Lunchtime UK Ltd (Ditton Lodge Community Primary School)
3. Note the current withdrawal from the Cambridgeshire Pension Fund of the following bodies:
 - Taylor Shaw Ltd t/a Waterfall Catering Group
 - Thorokleen
 - Lunchtime (Thorndwon)
 - EasyClean (Eastfield Infants School)
 - Dell Corp (Neale Wade College)
 - Dell (Cromwell College)
 - Dell (Sir Harry Smith College)

109. 2017 JOINT COMMUNICATIONS STRATEGY

Members considered a report on the Cambridgeshire Pension Fund's Communication Strategy, which was required by law (the LGPS Regulations 2013).

The Committee noted that the main revisions to the Strategy were included to ensure that it was aligned with the revised Pension Fund objectives. Some other minor changes had been made to reflect the way the Fund communicates with members, particularly the increasing use of electronic communication. The Chairman thanked officers for clearly highlighting in the documents provided exactly what had changed from the previous version.

It was resolved unanimously to:

1. approve the Communication Strategy as per the appendix to the report.

110. CIPFA PENSIONS ADMINISTRATION BENCHMARKING CLUB REPORT

The Committee considered a report on the results of the CIPFA Pensions Administration Benchmarking Club Report 2016. The Executive Summary of the 2016 Report was tabled, and it was agreed that the full version would be emailed round. **Action required.**

Officers advised that the number of authorities involved in the Benchmarking Club had declined in recent years, meaning that the information produced was less useful.

Cambridgeshire's total administration costs per member was £20.31, higher than the Club average of £18.48. Members noted the detailed analysis of the cost per member, showing that costs under the Payroll, Staff and Other running costs headings were all greater for Cambridgeshire, with Payroll looking particularly high, although this would be reducing following the introduction of the Altair system, and some of those costs would be reallocated to IT Pensions Administration costs. Corporate recharges would also reduce this year. The areas where the Fund's costs were below average were noted.

In discussing whether it was worthwhile to continue in the Benchmarking Club, it was suggested that the priority should be accurately monitoring and understanding the Fund's own costs, and this should include a comparison against previous years' costs. It was confirmed that data would only be available historically for about three years. It was agreed that this information would be produced for a future meeting of the Committee. **Action required.** It was further agreed that there needed to be greater consistency going forward, as information had been produced by different officers in previous years resulting in some variability of data.

A Member observed that the in-house administration for the Cambridgeshire Fund had increased from 2015 to 2016, whereas the Club average figure had reduced. Mark Whitby outlined the factors which had increased the Fund's average costs over the last twelve months.

It was suggested that the cost per member benchmark could be misleading, as it was a variable that would fluctuate year on year depending on membership, and actual costs should be an area for focus instead. Officers commented that cost drivers varied, e.g. the impact of increased membership would vary depending on the number and complexity of those employers, and the cost associated with individual members depended on where they were in the pension cycle – an activity based costing exercise would give a more accurate picture. Paul Tysoe observed that the Business Plan gave an overview of the performance of the team, and there had been significant efficiencies brought in in recent years, and the result was that the LGSS Pension Service was an excellent pension service, with really tight controls on quality and performance.

In response to a question on the total budget for the Cambridgeshire Pension Funds, officers gave some ballpark figures for the different elements

(administration, investment and governance) but agreed to provide detailed figures to Committee Members. **Action required.**

Members agreed that internal monitoring over time was the best way to monitor costs and efficiencies, and whilst KPIs were useful, they were not helpful in terms of showing whether costs were being saved.

Members concluded that with take-up of less than 50% of LGPS authorities, the Benchmarking Club figures no longer met the Fund's needs and Cambridgeshire should withdraw from the Club. The type of Fund data discussed would be much more useful to the Committee going forward. It was agreed that a report detailing this information would be presented to the July meeting of the Pension Fund Committee. **Action required.**

It was unanimously resolved to:

1. note the content of the report.

111. RISK REGISTER REVIEW

The Committee considered a report on the Cambridgeshire Pension Fund Risk Register heat pad.

There are 18 key risks associated with governance, 17 with funding and investment, and 19 with Administration and Communication. Members noted those risks given an amber or red status, and the reasons behind these.

Councillor Kavanagh observed that Climate Change was not listed as a risk. He noted that East Sussex County Council, a member of the ACCESS pool, had included a statement on Climate Change in its Investment Strategy, and he suggested that the Cambridgeshire Fund should do the same, especially given Cambridge's position as a global centre for technology and innovation, and the very real threat of Climate Change on all aspects of life. He also felt that Climate Change should be included as a risk in the Risk Register.

It was suggested that Climate Change was less relevant to the Risk Register, as the Risk Register focused on risks which the Fund could manage, but could be applicable to the Investment Strategy Statement under the Environmental, Social & Governance (ESG) policy. Councillor Kavanagh commented that Climate Change went further than the ESG policy, it was about making a specific statement, but agreed to discuss this issue further under the Investment Strategy Statement item.

It was unanimously resolved to:

1. note the Cambridgeshire Pension Fund Risk Register Heat Pad appended to the report.

112. CAMBRIDGESHIRE PENSION FUND REVISED TRAINING STRATEGY 2016

Members considered a report on the revised Training Strategy, which reflected comments had made at their last meeting, specifically:

- 'desirable' rather than 'expected' number of training credits;
- 'all other relevant training' now included;
- training provided by LGSS and induction training included as methods of attaining credits;
- number of desirable credits reduced;
- Training Records to be established, and Members regularly given a statement of their credit total.

A Member suggested that internal training opportunities should be opened up to those who were not members of the Committee, but had an interest, especially given that there was always some turnover in Committee membership. It was agreed that all training should be open to all members where possible.

It was resolved to:

1. approve the Training Strategy, as attached to the report, with the slight amendment above.

113. THE PENSIONS REGULATOR'S PUBLIC SERVICE PENSION SCHEME COMPLIANCE ASSESSMENT TOOL

The Committee considered a report on the extent of compliance with the Pension Regulator's Code of Practice, and the actions required to achieve full compliance. It was noted that this was a self-assessment, and officers had taken a critical approach in assessing compliance, and had concluded that the Fund had achieved 'partial compliance'.

Areas for attention identified during the self-assessment included:

- the introduction of Training Plans (now actioned, as detailed under the previous agenda item);
- with regard to Risk Management, ensuring providers for outsourced services demonstrate the operations of internal controls, and the relevant documentation was in place – this was of relevance, because the pension payroll was run by another LGSS department;

- there was currently no formal documented record keeping policy or procedures for all types of members or beneficiaries. This was in development and would be submitted to Committee for approval in December 2017;
- specific member data, most of which should come from employers, should be kept. Employers should have processes in place to provide the right data at the right time in the required format. This would be included in the Administration Strategy, which MarkWhitby and Cory Blose would be presenting to the Committee in June 2017;
- there was no formally documented improvement plan to address and identified poor quality or missing data. A Data Improvement Plan was being developed and Jo Walton would be presenting this to Committee in December 2017.

The Chairman thanked officers, and applauded them for taking such an honest and critical approach in the self-assessment process.

It was unanimously resolved to:

1. note the content of the report.

114. PENSION FUND ANNUAL BUSINESS PLAN AND MEDIUM TERM STRATEGY 2017-18 to 2019-20

The Committee considered a report on the Fund's objectives for 2017-18, which included a plan of action on how key priorities would be achieved. The Executive Summary outlined the purpose and scope of the Fund, the pressures it was facing, and who the Fund's stakeholders were. Contextual information on the Pension Fund's position at 31st December 2016 was also provided, including a statement of assets and liabilities, and funding estimates for the next three years.

It was noted that CIPFA and LGPS were looking at the whole issue of how Funds report investment manager fees, and these would be reflected in future years' budgets.

A Member asked why there had been 4,000 additional members in a period of austerity. It was noted that some may have already been employees, but had been obliged to join during the period through auto-enrolment.

A Member asked why staff related costs had increased in the period from 2016-17 to 2019-20. Officers advised that this was partly attributable to compounded pay award assumptions (1-2% per annum) and changes to National Insurance.

It was unanimously resolved to:

1. approve the Business Plan for 2017-18, as appended to the report.

115. INVESTMENT STRATEGY STATEMENT

Members considered the draft Investment Strategy Statement (ISS), which set out a high level, dynamic asset allocation structure, supporting the long term focus of investment and mitigating the risk of reacting to short term market behaviours. The Statement also set out the Fund's Investment Beliefs, captured from the work and discussions of the Pension Fund Committee and Investment Sub-Committee over recent years. It was noted that the work programme associated with the Statement would review all relevant topics.

Returning to the issue of Climate Change, raised under the Risk Register item, officers advised that the Local Authority Pension Fund Forum (LAPFF) had a major focus on Environmental, Social & Governance (ESG) investment. LAPFF had engaged PIRC (Pensions and Investment Research Consultants) who were effectively challenging major organisations e.g. they had worked very hard with Shell, led to disinvestment in Canadian oilfields. Whilst this work by PIRC and other activists/lobbyists could be drawn out/protracted, momentum did build and ultimately produce good results. Officers were also looking at these issues with other funds on the ACCESS pool, and encouraging other members of the pool to engage on this issue.

The report detailed the Fund's current asset allocation strategy, with the appropriate tolerances. With regard to the ACCESS pool, the intention was to have passive investments pooled in 2017, with all liquid assets pooled by 2021. The ISS also set out specific investment risks for each asset class.

The Chairman observed that the Investment Beliefs section of the ISS included *"Responsible Investment including Environmental, Social and Governance are important factors for the sustainability of longer term investment returns"*, and the statement under ESG Risks that *"This aligns with the best interests of the Fund's beneficiaries and is consistent with fiduciary duty"*. Additionally, the section on Environment, Social and Governance policy specifies that *"The committee has directed investment managers to consider the effects of social, environmental and ethical issues on the performance of a company when considering the acquisition, retention or realisation of investments for the Fund"*.

Councillor Kavanagh observed that the Pension Fund Committee Members did not have any direct access to partners in the pool, e.g. it would be useful to know why East Sussex had included an explicit statement about Climate

Change, and what appetite there was from other Funds to pursue or not pursue statements on Climate Change. It was agreed that more information was required e.g. on other authorities' position on Climate Change, within and outside of the ACCESS pool.

Councillor Seaton advised that Peterborough City Council was very focused on environmental issues and was moving to zero carbon aspirations, but the Pension Fund still invested in fossil fuels. The Chairman responded that there was always some separation between the respective authorities and the Pension Fund, and the focus for the Committee should always be on doing the best for the beneficiaries of the Pension Fund, which may be a different approach to that of individual employers, and achieving a balance between the two could be difficult. It was also observed that the majority of direct investments coming forward were based around renewable energy schemes. Members agreed that it was important to take this issue seriously and record their concerns, and longer term the Fund could work with other members of the ACCESS pool on this issue. Councillor Kavanagh indicated that he was happy with this approach.

With regard to the asset allocations set out in the ISS, it was agreed to round up or down which currently including percentage points, as follows:

- Overseas equity 43.5% to 44%
- Reduce Property from 11% to 10%
- Loans from 2.5% to 3%

It was noted that the tolerances on infrastructure was included in the range for Alternatives, and that these allocations and tolerances could be changed relatively quickly.

It was unanimously resolved to:

1. note the content of the report;
2. approve the Investment Strategy Statement for publication on the Fund's website.

116. ASSET POOLING UPDATE

Members received a report on the latest progress with coloration of the ACCESS group, working together on LGPS asset pooling arrangements.

Paul Tysoe advised that the main points were as follows:

- the Inter authority agreement would be considered at Cambridgeshire's full Council meeting on 28th March 2017;
- everything was still on schedule for passive procurement to be concluded in the summer, which would realise a good six figure saving for the Cambridgeshire Fund;
- the Joint Governance Committee (JGC) would explore Operator procurement. The Chairman updated Members on the way the debate had gone on the Operator Model at the Chairs' meeting on 22nd March;
- the final letter from the Minister had been received, and this was more accurate and all parties would be happy with.

John Walker advised that Unison were pursuing nationally the issue of membership representation on the pool governance structure.

It was unanimously resolved to:

1. note the progress made on Asset Pooling.

Councillor Schumann left the meeting

117. EXCLUSION OF PRESS AND PUBLIC

It was resolved:

That under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business (item 10) on the grounds it contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended (information which is likely to reveal information relating to the financial or business affairs of any particular person) and that it would not be in the public interest for this information to be disclosed.

118. VALUATION PRESENTATION

Geoff Nathan, Actuary, of Hymans Robertson, gave a presentation on the Actuarial valuation, which would conclude on 31st March 2017.

Members noted the report.

119. DATE OF NEXT MEETING: 25th May 2017

CAMBRIDGESHIRE PENSION FUND

Pension Fund Committee

Agenda Item: 2(b)

Action log from previous meeting

This log captures the actions from the Pension Fund Committee of the 23 March 2017 together with any carried forward items from previous meetings and updates members on the progress on compliance in delivering the necessary actions. This is the updated action log as at

Outstanding actions from 23 March 2017 meeting of the Pensions Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
110	CIPFA Pensions Administration on Benchmarking Club Report	Mark Whitby	The Committee considered a report on the results of the CIPFA Pensions Administration Benchmarking Club Report 2016. The Executive Summary of the 2016 Report was issued, and it was agreed that the full version would be emailed round.	Completed – E-mail sent 4 April 2017

110	CIPFA Pensions Administration on Benchmarking Club Report	Mark Whitby	In discussing whether it was worthwhile to continue in the Benchmarking Club, it was suggested that the priority should be accurately monitoring and understanding the Fund's own costs, and this should include a comparison against previous years' costs. It was confirmed that data would only be available historically for about three years. It was agreed that this information would be produced for a future meeting of the Committee. It was further agreed that there needed to be greater consistency going forward, as information had been produced by different officers in previous years resulting in some variability of data. A report would be taken to the July meeting of the Pension Fund Committee.	Ongoing – To be presented to the Committee in July 2017.
110	CIPFA Pensions Administration on Benchmarking Club Report	Mark Whitby	In response to a question on the total budget for the Cambridgeshire Pension Funds, officers gave some ballpark figures for the different elements (administration, investment and governance) but agreed to provide detailed figures to Committee Members.	Ongoing – To be presented to the Committee in July 2017 as part of the action above.
115	Investment Strategy Statement	Paul Tysoe	With regard to the asset allocations set out in the ISS, it was agreed to round up or down which currently including percentage points, as follows: <ul style="list-style-type: none"> - Overseas equity 43.5% to 44% - Reduce Property from 11% to 10% - Loans from 2.5% to 3% 	Completed – amendments have been made as agreed.

MINUTES OF THE PENSION COMMITTEE

Date: Thursday 25th May 2017

Time: 9:30-9:40

Place: Kreis Viersen Room, Shire Hall, Cambridge

Committee Members

present: County Councillors Boden (substituting for Councillor Hay), Downes, Hickford (Chairman), Rogers (Vice Chairman), Schumann and Shellens; J Walker (UNISON, representing deferred and retired LGPS members)

Officers: D Cave, S Heywood, R Perry, P Tysoe and M Whitby

Apologies: Councillors A Fraser, A Hay and D Seaton; M Pink

1. ELECTION OF CHAIRMAN AND VICE CHAIRMAN

Having been duly moved and seconded, it was unanimously resolved to appoint Councillor Hickford as the Chairman of the Pension Committee.

Having been duly moved and seconded, it was unanimously resolved to appoint Councillor Rogers as the Vice Chairman of the Pension Committee.

2. DECLARATIONS OF INTEREST

John Walker declared a personal interest as a retired member of the LGPS, his son was a deferred member, and his daughter-in-law was an active member.

Councillor Downes declared a personal interest as a retired member of the Local Government Pension Scheme (LGPS).

3. MINUTES OF THE PENSION FUND BOARD MEETING HELD ON 23rd MARCH 2017

The minutes of the Pension Fund Board meeting held on 23rd March 2017 were approved as a correct record and were signed by the Chairman.

4. APPOINTMENT OF PENSION FUND INVESTMENT SUB-COMMITTEE (ISC)

Having noted that as set out in the County Council Constitution the Chairman and the Vice Chairman of the Committee (Councillors Hickford and Rogers) automatically became the Chairman and Vice Chairman of the Investment Sub-Committee, the following appointments were agreed as set out below from those relevant to take part in the approval process.

Cambridgeshire County Council (CCC) Members – four

The following four Councillors listed below had been proposed by Full Council taking into account political proportionality but required the approval by the Committee.

Automatically appointed as a result of their appointment as Chairman and Vice-Chairman:

Chairman Councillor Roger Hickford (Conservative)

Vice Chairman: Councillor Terry Rogers (Conservative)

It was resolved to confirm the following two County Councillors as the other two appointments to the Pension Fund Investment Sub-Committee

Councillor Peter Downes (Liberal Democrat)

Councillor Mike Shellens (Liberal Democrat)

All other employers – two

Two places were required to be drawn from the two Committee member places representing 'all other local authorities, police and fire' and the one Committee member place representing 'all other employers'.

Peterborough City Council had confirmed that Councillor Seaton was still their appointee representing one of the 'all other local authorities, police and fire' places. The other appointment remained as a vacancy.

The Committee resolved to endorse this appointment:

- Councillor David Seaton

Scheme member representative – one

This appointment was required to be drawn from either the one Committee member representing Active Scheme Members or the one Committee member representing deferred and pensioner scheme members. Unison (both Branch and Regional Office) had confirmed Mr Walker's reappointment.

It was resolved to endorse this appointment:

- John Walker

5. DATE OF NEXT MEETING 10am 29th June

CAMBRIDGESHIREPENSION FUND



Pension Committee

Date: 29th June 2017

Report by: LGSS Chief Internal Auditor

Subject:	Internal Audit Report 2016-17
Purpose of the Report	To present the findings of Internal Audit work during 2016-17
Recommendations	The Pension Committee note the Internal Audit work during 2016-17
Enquiries to:	Stephen Mangan, Audit and Risk Manager, LGSS Internal Audit Tel: 01604 365921 Email: SMangan@northamptonshire.gov.uk

1. Background

- 1.1 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.2 The work of Internal Audit complements and supports the work of external auditors in forming their opinion on the financial accounts. Internal audit work is coordinated with the external auditors and they place reliance on the work of internal audit to reduce the level of testing they undertake themselves. This reduces overall costs by avoiding unnecessary duplication of effort and supports delivery of an efficient and effective service.

2. Findings

- 2.1 During 2016-17, Internal Audit work focused on two areas:

- Altair Project

As part of the project, Internal Audit provided support and advice to the Project Board including assurance on the data migration process.

- The annual audit of the administration of the Cambridgeshire Pension Fund

The audit assessed the adequacy of design and implementation of controls for the administration of the pension fund. Based on the completion of our fieldwork and the testing carried out, we gave **substantial** assurance for the controls in place. The full report is included as Appendix A.

3 Relevant Pension Fund Objectives

- 3.1 The audit work undertaken was designed to support the Pension Service in achieving its objectives through the effective management of risk. The work therefore supports all of the objectives of the Pension Service:

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>
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>
Maintain accurate records and ensure data is protected and used for authorised purposes only. <i>Objective 11</i>
Promote the Scheme as a valuable benefit. <i>Objective 12</i>
Deliver consistent plain English communications to Stakeholders. <i>Objective 13</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>
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund. <i>Objective 15</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>
Put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy. <i>Objective 18</i>
Maximise investment returns over the long term within agreed risk tolerances. <i>Objective 19</i>
Ensure an appropriate cash management strategy is in place so that net cash outgoings can be met as and when required. <i>Objective 20</i>

4. Finance & Resources Implications

4.1 Provision was made within the LGSS Audit Plan to undertake this work.

5. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
The audit work may identify significant weaknesses with potential for reputational damage to the Pension Service.	A process is in place for timely and effective response to the findings of internal and external auditors.	Green

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

Risk	Risk Rating
Unmitigated risks to the objectives of the Pension Service are not identified and addressed. The legal obligation to ensure internal audit is undertaken would not be met.	Red

6. Communication Implications

Direct Communications	The work of auditors is transparent and reported to the Pension Committee.
Website	The report will also be published on internet.

7. Legal Implications

7.1 The requirement for an Internal Audit function derives from section 151 of the Local Government Act 1972. All principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations 2003 in England (Appendix 41) [4] should make provision for Internal Audit in accordance with the Code.

8 Consultation with Key Advisers

8.1 Consultation with the Funds advisers was not required for this report.

9. Alternative Options Considered

9.1 Not applicable

10. Background Papers

10.1 Not applicable

11. Appendices

11.1 Appendix A – Internal Audit Report: Administration of the Cambridgeshire Pension Fund 2016-17

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?	Sarah Heywood –15 June 2017
Has this report been cleared by Head of Pensions?	Mark Whitby – 2 June 2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford –15 June 2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 9 June 2017

Appendix A

LGSS Audit & Risk Management Service

Internal Audit Report Administration of the Cambridgeshire Pension Fund

Confidential

Client Deputy Chief Executive
& Chief Finance Officer

Issued to Chris Malyon, Deputy Chief
Executive & Chief Finance
Officer
Matt Bowmer, LGSS
Director of Finance

CC Mark Whitby, Head of
Pensions
Joanne Walton, Governance
Regulations Manager;
Akhtar Pepper, Operations
and Technical Manager;
Cory Blose, Employers and
Systems Team Manager
Paul Tysoe, Group
Accountant Pensions Fund

Date 10 May 2017

Lead Auditor Janette Lynn
Status of report Final Report

Control Environment Assurance Substantial Assurance
Compliance Assurance Substantial Assurance

Pension Board Date 29th June 2017

Organisational Impact

Minor

Executive Summary

1. Background to the review

The audit of the Local Government Pension Service for the Cambridgeshire Pension Fund (CPF) which is administered by LGSS includes the administration of:

- new members
- payment of pensioners and dependents
- cessation of payment to pensioners on notification of death
- transfers into and from the pension schemes
- receipt and recording of contributions from the employers
- administration processes on Altair operated by the LGSS pensions staff to ensure that there are appropriate separation of duties on key tasks
- reconciliations of financial systems
- User access

The audit provides assurance to the Pensions Committee and also the Pension Fund's External Auditors for their final accounts audit.

The audit seeks to provide assurance to management, External Audit and the employer organisations that expected controls are in place for pensions administration and key financial systems, such controls are adequate in design and function appropriately in practice.

1.1 Key Risks

The audit relates to the following risks from the LGSS Pension Service risk register:

- Failure to administer the scheme in line with regulations and policies
- Potential fraudulent activity by staff
- Potential fraudulent activity by scheme members
- Contributions to the fund are not received on the correct date and for the correct amount
- Pension fund accounts are not accurately maintained
- Inconsistencies in delivery due to failure to properly document processes and procedures
- Failure to include all required information in documents issued to members under disclosure regulations
- Contributions are not processed and recorded appropriately in a timely manner
- Events relating to Scheme members e.g. Joining the scheme, transfers in and out and retirements are not processed and recorded adequately

- Records are not accurate or do not reflect changes in circumstances
- Pension Fund systems and data may not be secure and appropriately maintained

1.2 Objectives

To provide management with assurance that there are appropriate controls in place for the following areas:

- Pension payments are made in accordance with the LGPS and council policy (including rates, annual uplift, lump sums, pensions, deferred pensions, early retirements, annual pension statements);
- Pension payments are recorded properly and accounted for correctly;
- New members are set up on a timely basis and receive appropriate information;
- Contributions and accompanying schedules are received on time and are correct; (includes employee and employer contributions, additional contributions from all scheme employers;
- Transfers in and out of the scheme are subject to appropriate checks and authorisation;
- Reconciliations are completed i.e. between Altair and Oracle, and payroll and the Pensions bank account;
- User access is reviewed and so staff have appropriate access to the pensions system.

1.3 Approach

In order to test the operating effectiveness of the controls in place we performed sample testing for the CPF as follows:

- new members;
- new pensioners, calculations and pensions actually paid ;
- transfers into and out of the LGPS to ensure the calculations were checked and monies paid out were authorised and receipts monitored;
- deaths of pensioners and dependent pensioner benefits;
- monitoring the receipt of contributions and supporting documentation from employer organisations;
- year end reconciliations of contributions received;
- reconciliation of bank accounts;
- reconciliation of pensions payroll to the Altair records;
- the annual uplift of pensions on Altair;
- access to Altair

2. Internal Audit Opinion and Main Conclusions

2.1 Main conclusions and recommendations

Based on the completion of our fieldwork and the testing carried out, we are giving **substantial** assurance for the controls in place within LGSS pensions for the administration of LGPS.

The assurance level reflects our view that effective and embedded procedures are in place to oversee the administration of pensions. Additionally, developments have taken place to further automate processes by capturing data electronically and providing management information to assist with key processes.

The review has, however, identified some areas for improvements including the need to develop an action plan to ensure that the findings of the recent reconciliation exercise of historical payroll and Altair records are identified and investigated on a timely basis.

The table below provides a breakdown on the level of assurance for the CPF for each of the process areas identified:

Process Area	CPF
New members	Substantial
New pensioners	Substantial
Transfers in	Substantial
Transfers out	Substantial
Deaths of pensioners	Substantial
Contributions	Substantial
Reconciliations	Moderate
Systems and User Access	Substantial
Overall Level of Assurance	Substantial

New members - substantial assurance

The review found that effective processes are in place to oversee the creation of new records on Altair. All data received is reviewed and processed in a timely manner. These functions are monitored so that if delays occur or issues arise these are investigated and resolved.

New pensioners - substantial assurance

Testing of 24 new pensioners for the CPF confirmed that overall, effective controls were in place. There was one instance where delays had arisen in the processing and payment of a dependent pensioner which indicates closer monitoring of these tasks is required to ensure that un-necessary delays do not impact on beneficiaries.

Transfers in - substantial assurance

Nine transfers in for the CPF were tested and controls were generally found to be working effectively. There was one instance where the transfer had been actioned but the membership records on Altair had not been updated to record the receipt of monies and the service credit awarded to the members.

Transfers out - substantial assurance

13 transfers out were tested for the CPF. Effective processes were in place however in one instance a transfer had been actioned but the member's completed election form was not held on file.

Deaths - substantial assurance

a) Notified deaths of pensioners

Five records were tested and effective processes were in place to cease payments promptly when confirmation of death was received.

b) Death of active member or pensioner which generated a dependent pensioner

Three dependent pensioners were included in the sample of new pensioners. Testing identified that effective processes were in place with the exception of one dependent pensioner which had not been processed promptly.

c) Possible un-notified death:

During 2016/2017 Internal Audit assisted the Pensions Team in a review of 48 elderly pensioners whose pension had been abated due to them being non-contactable. Whilst in most cases, evidence was found to support the abatement, in three cases the pensioner was traced and steps have been taken to reinstate pension payments.

d) Death monitoring / confirmation of pensioners living abroad

The 2015/2016 audit report included a recommendation that the Pensions Service should establish a system to verify if elderly pensioners and those living abroad are still alive.

The work undertaken in point c above looked at aged pensioners in the UK where pensions had been abated and where pensioners were over a certain age.

Discussions have taken place with Western Union to establish a process to verify whether overseas pensioners are still alive. This will require identification checks to be completed in their country of residence.

Contributions from employer organisations – substantial assurance

The returns, payments and accounting entries for fifteen employers' contributions records were tested for the CPF.

Although effective processes were in place, for three of the CPF employers errors had arisen for one of the months tested due to the employer submitting incorrect data.

Reconciliations - moderate assurance

Employers contributions

The 2015-16 review highlighted a concern that variances identified as part of the year end reconciliation of contributions had not been investigated. In response to this issue, the data has now been used to inform the calculation of the actuarial rates for 2017/2018 and beyond as part of the tri-annual valuation.

During 2016/2017 the monthly PEN18 receipt of data, the reconciliation of figures supplied and corresponding funds, and the posting to the general ledger have been improved and queries are now being dealt with and raised with employers more promptly during the year which should reduce the number of year end reconciliation queries for 2016/2017.

A new year end reconciliation process has been designed for 2016/2017 this will include electronic uploads of year end returns and if variances are identified the automatic production of a letter to the employer. The letter will provide details of any variances in payments, request an explanation for these and also notify them that an invoice will be raised for any balances owed.

Monthly bank reconciliations

Monthly bank reconciliations had been completed and found no issues.

Reconciliation between pensions payroll and Altair

The 2015/2016 audit report stated that a reconciliation between the Pensions payroll and Altair historic records had commenced in preparation for moving all records across to Altair for running the payroll through Altair from November 2016. The records "as they were" were transferred to Altair payroll i.e. any errors in payments are continuing.

Little progress has been made since the last audit as staff have been engaged in a payroll migration project throughout the review period.

An external third party was recently commissioned to undertake the reconciliation exercise again so that a more accurate assessment can be made of the size of the variance. This report has now been received and variances are being actively worked through.

Systems and User Access – substantial assurance

The Systems user list was checked to ensure that when users were set up staff had appropriate levels of access and that when staff left their access was removed.

Two members of staff has left and had not had their access removed, but testing confirmed that they had not accessed the system since their departure date.

The annual uplift process was not reviewed this year as there had not been an uplift required.

2.2 Main recommendations

For each of the issues identified we have made suggested recommendations in the accompanying action plan. When implemented these will positively improve the control environment and aid the Authority in its ability to effectively manage its risks.

2.3 Acknowledgement

We would like to take this opportunity to thank all members of staff whom we contacted during the course of this review for their time and assistance.

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Findings and Management Responses

Area Risk Level	Key findings	Audit Recommendations	Management Agreed actions	Timescale / Owner
	NEW PENSIONERS			
1. M	<p>Sample testing of new pensioners identified one case in relation to dependent pensioners;</p> <ul style="list-style-type: none"> • TY10xxxxB <p>where the death occurred in May 2016 and payments had still not been made by early January. When the case was investigated, there was no obvious reason for the significant delay in payments being made.</p> <p>Internal Audit have been advised that the dependent pension had now been actioned and paid.</p>	A review of the task management reports available should be completed to identify if the process from confirmation of death to payment can be tracked and monitored.	Priority casework from workflow will have appropriate management oversight to ensure payments are made in a timely manner.	Akhtar Pepper 31/3/17
	TRANSFERS IN			
2. M	<p>Sample testing of transfers into the pension schemes identified two cases;</p> <ul style="list-style-type: none"> • NA98xxxxD <p>where a transfer has been actioned, but the membership record on Altair had not been updated to record the receipt of monies and the service credit awarded to the member.</p>	A review should take place to identify if there is a task management report which will identify when a transfer in is actioned and whether the receipt and service credit had been recorded.	This is a lower priority area of casework relevant to others workflow can be used to identify the outstanding cases and in the normal run of events there would be enough resource to deal with these in a timely manner. There have been increased pressures on the team in 2016/2017 due to the	Akhtar Pepper 31/3/17

Area Risk Level	Key findings	Audit Recommendations	Management Agreed actions	Timescale / Owner
			implementation of payroll and staff changes. The outstanding cases will be reviewed and an appropriate plan will be drawn up.	
	TRANSFERS OUT			
3. M	Sample testing of transfers out of the pension schemes highlighted one case (JK35xxxxC) where although there was evidence that the member had made enquiries about transferring their pension and a transfer payment had been made, a completed election form signed by the member was not on file.	Transfers out of the pension fund should not be processed unless the member has completed and signed an election form to confirm that this is his/her wish. A copy of the form should be retained on file for evidence.	Team Leaders will be advised at next team meeting to ensure appropriate checks are completed and evidence is on file before transfers out are actioned.	A Pepper 1/4/17
	UPLOADING OF EMPLOYERS CONTRIBUTIONS DATA			
4. L	<p>CPF The Pensions Service is reliant on employers submitting data correctly based on an agreed pro forma (Pen18 return). Testing of fifteen returns for June 2016 identified three returns (Peterborough Culture and Leisure, Cambourne PC Greenwich Leisure) where errors were identified.</p> <p>The impact of this is that the information had been uploaded to incorrect codes on the general ledger, e.g. amount for normal employers contributions had been posted to the 50:50 or APC codes.</p> <p>These errors were identified by Internal Audit because they were</p>	<p>The impact of these errors should be reviewed and assurance gained that the errors are not more widespread across returns processed in 2016/17.</p> <p>Checks should be built into the data upload process in order to gain assurance that obvious errors have not been made in employers returns.</p>	The process will be reviewed to included automated check son the values to ensure they are correct.	Ben Barlow 1/8/17

Area Risk Level	Key findings	Audit Recommendations	Management Agreed actions	Timescale / Owner
	substantial values being posted to codes which normally would be low in value.			
	PAYROLL AND ALTAIR RECONCILIATION			
5. M	The 2015/2016 audit report contained details of the work to date on the reconciliation of historic payroll and Altair records, the variances identified and investigations that had taken place . There has been almost no progress in this work during the intervening period. The Pension Service has appointed an external third party to complete a new reconciliation exercise so that an up to date position could be obtained on the issues that require consideration. A report has now been received on the findings of this exercise and this is currently being reviewed by the Governance Regulations Manager.	An action plan should be developed to ensure that the findings of the recent reconciliation exercise of historical payroll and Altair records are identified and investigated on a timely basis.	The result of the third party analysis was 2,355 cases (CPF=1,614 cases, NPF=667 cases) with an apparent variance of +/- £100 pa when comparing payroll and Altair records. By 24 March 2017, after two weeks of investigation by officers, 286 cases (12%) had been cleared.	J Walton 31/12/17
	USER ACCESS			
6. L	A review of users with access to the Altair System identified two employees (P & S) who were no longer employed in the Pension Service. Assurance however was provided that neither had accessed the system since their leaving date.	User access should be periodically reviewed with evidence retained to demonstrate the outcome of such reviews.	All line managers will be required to inform the systems team when staff members leave. The systems team will also be required to send a list of users to the managers for checking every six months.	All line managers 1/4/17 Mansha 1/4/17

Area Risk Level	Key findings	Audit Recommendations	Management Agreed actions	Timescale / Owner
	OVERSEAS PENSIONERS			
7. M	<p>The 2015/16 audit report included a recommendation that the Pensions Service should establish a system to verify if elderly pensioners and those living abroad are still alive.</p> <p>Whilst work has been undertaken in order to verify if elderly pensioners are still alive, work is currently ongoing with a third party supplier to put in place a mechanism to gain assurance in respect of overseas pensioners.</p>	The process for confirming if overseas pensioners are still alive should be agreed and implemented.	Western Union have now been appointed to undertake proof of life checks of overseas pensioners. The first check will be undertaken in 2017/18 and every two years thereafter.	Jo Walton 30/4/17

Appendix 1 – Audit Definitions

There are three elements to each internal audit review, and an assurance opinion is provided against each element at the conclusion of the audit. The following definitions are used by Internal Audit in assessing the level of assurance which may be provided against each key element, and in assessing the impact of individual findings:

1.1 Control Environment Assurance

Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place which mitigate the risk of those objectives not being achieved. Completion of this work enables Internal Audit to give an assurance on the control environment.

Control Environment Assurance	
Level	Definitions
Substantial	There are minimal control weaknesses that present very low risk to the control environment.
Good	There are minor control weaknesses that present low risk to the control environment.
Moderate	There are some control weaknesses that present a medium risk to the control environment.
Limited	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.

1.2 Compliance Assurance

However, controls are not always complied with, which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This element of the review enables internal audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.

Compliance Assurance	
Level	Definitions
Substantial	The control environment has substantially operated as intended although some minor errors have been detected.
Good	The control environment has largely operated as intended although some errors have been detected.
Moderate	The control environment has mainly operated as intended although errors have been detected.
Limited	The control environment has not operated as intended. Significant errors have been detected.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.

1.3 Organisational Impact

The overall organisational impact of the findings of the audit will be reported as major, moderate or minor. All reports with major organisational impact will be reported to SMT along with the relevant Directorate's agreed action plan.

Organisational Impact	
Level	Definitions
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

1.4 Findings prioritisation key

When assessing findings, reference is made to the Risk Management matrix which scores the impact and likelihood of identified risks.

For ease of reference, we have used a high/medium/low system to prioritise our findings, as follows:

H	<p>Failure to respond to the finding has a high probability of leading to the occurrence or recurrence of an identified high-risk event that would have a serious impact on the achievement of service or organisational objectives, or may lead to significant financial/ reputational loss.</p> <p>The finding is critical to the system of internal control and action be implemented immediately.</p>	M	<p>Failure to respond to the finding may lead to the occurrence or recurrence of an identified risk event that would have a significant impact on achievement of service or organisational objectives, or may lead to material financial/ reputational loss.</p> <p>The finding has a significant effect on the system of internal control and action should be implemented as a matter of priority.</p>	L	<p>The finding is important to maintain a reasonable system of internal control, provide better value for money or improve efficiency. Failure to take action may diminish the ability to achieve service objectives effectively and efficiently.</p> <p>Management should review, make changes if considered necessary or formally agree to accept the risks.</p>
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**CAMBRIDGESHIRE PENSION
FUND**



Pension Committee

Date: 29 June 2017

Report by: Head of Pensions

Subject:	Governance and Legislation Report
Purpose of the Report	To provide the Pension Committee 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 Pensions Committee notes the content of the report.
Enquiries to:	Jo Walton – Governance and Regulations Manager, LGSS Pensions Service Tel: 01604 367030 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 Partners Pensions

- 2.1.1 The UK's Supreme Court has 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 The LGPS in England and Wales are currently awaiting guidance from DCLG as to whether past cases where a financially interdependent partner was not paid a cohabiting partners pension due to the absence of the nomination form will need to be revisited and potentially become payable.

3. Other pensions legislation

3.1 Pension advice allowance payment

- 3.1.1 The Government have published the Registered Pension Schemes (Authorised Payments) (Amendment) Regulations 2017 (SI2017/397) which introduce a new type of authorised payment, the pension advice allowance payment (PAAP) from 6 April 2017.
- 3.1.2 The new payment allows an individual to use up to £500 from their pension pot to pay towards the cost of receiving retirement financial advice and/or the cost of implementing such advice.
- 3.1.3 Whilst LGPS members will not be able to take such a payment from their main scheme benefits, it may be possible that an individual could take a PAAP from their in-house AVC fund subject to the AVC provider being able to facilitate this.

3.2 Independent review of the State Pension age

- 3.2.1 On 23 March, John Cridland published the final report of his independent review of the state pension age. The report was commissioned by the Government to fulfil its duties under the Pensions Act 2014 to undertake a review of the state pension age each parliament.
- 3.2.2 The report looked at the key issues that drive State Pension age changes including, but not limited to:
- life expectancy
 - the challenges faced by those who rely most on the State Pension
 - the long-term financial sustainability of the system
- 3.2.3 The report's recommendations include:
- the State Pension age should rise to 68 between 2037 and 2039
 - the State Pension age should not increase more than 1 year in any 10 year period, assuming that there are no exceptional changes to the data used
 - that the 'triple lock' be withdrawn in the next Parliament.
- 3.2.4 In addition, a GAD report has been published which considers how State Pension age timetables might need to change beyond 2028, based on projections of life expectancy in future years. Both reports will inform the Government's review of the state pension age, which was due in May 2017.

4. Activities of the LGPS Scheme Advisory Board

4.1 DCLG letter to SAB on late retirement factors

- 4.1.1 The local government Minister, Marcus Jones, has asked the scheme advisory board for the LGPS in England and Wales to explore the scope for improving the way in which late retirement factors are applied to active members who retire after their normal retirement age.
- 4.1.2 This follows concerns about the suitability of the underlying salary growth assumption compared to actual salary growth of this particular demographic and whether applying the factors at a single point in time on retirement to the whole period after normal pension age is the most appropriate way of awarding additional pension. The Minister has asked the Board to submit any recommendations by September 2017.

5. The Pensions Regulator – Public service governance and administration survey

- 5.1 On 16 May 2017 the Pensions Regulator issued the results of their public service governance and administration survey that took place at the end of 2016.
- 5.2 The Pensions Regulator's findings from this survey can be found at the link below. A full report on this Fund's performance against the rest of the public service and the expectations of the Pensions Regulator will be presented to the Pension Committee at the next meeting.

<http://www.thepensionsregulator.gov.uk/docs/public-service-research-summary-2017.pdf>

6. Governance of the Local Government Pension Scheme (LGPS) on a local basis

6.1 Election for Pension Committee non-local authority employers' representative

- 6.1.1 Following an election process to recruit a non-local authority employer representative to the Pension Committee, the successful candidate is Tracy Roden from Cambridge Regional College. This position replaces Gareth Deeble whose temporary appointment ceased on 31 March 2017.

6.2 Section 151 Representative on the Pensions Committee

- 6.2.1 Following the departure of Steven Pilsworth from the Pensions Committee in March 2017. The new section 151 representative is Clive Mason from Huntingdonshire District Council.

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	Red

administering	
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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.
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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

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 Section 151 Officer?	Sarah Heywood–15 June 2017
Has this report been cleared by Head of Pensions?	Mark Whitby – 30 May 2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 15 June 2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker– 9 June 2017

Internal/External training and events 2016-17

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.

Date	Event	Training Credits	Target Audience
2 - 3 March 2017	LGC Investment Seminar	4	Officers, Committee/Board Members
7 April 2017	Data – 2017 (Pensions Age / ITM)	2	Officers
15-17 May 2017	PLSA LA Conference	4	Officers, Committee/Board Members
16 June 2017	Schroders Trustee Training - Introductory	2	Officers, Committee/Board Members
28 June 2017	Local Pension Board – Two years on Conference	2	Board Members
29 -30 June 2017	14 th Annual LGPS Trustees Conference	4	Officers, Committee/Board Members
4 – 5 July 2017	CLASS Annual Conference	2	Officers
4 – 6 July 2017	LGA Annual Conference & Exhibition	4	Officers, Committee/Board Members
12 July 2017	CIPFA Pensions Network – Governance in a changing environment	2	Officers
12-13 July 2017	CIPFA Annual Conference	4	Officers, Committee/Board Members
3 September 2017	Schroders Trustee Training – Advanced	2	Officers, Committee/Board Members
7 -8 September 2017	LGC Investment Summit	4	Officers, Committee/Board Members
19 September 2017	Local Pension Board Seminar	2	Board Members
18 – 20 October 2017	PLSA Annual Conference and Exhibition	4	Officers, Committee/Board Members
7 November 2017	UBS First steps seminar	2	Officers, Committee/Board Members
8 November 2017	Local Pension Board Seminar	2	Board Members
22 November 2017	UBS Second steps seminar	2	Officers, Committee/Board Members
21 – 22 November 2017	Pension Managers Annual Conference	4	Officers, Committee/Board Members
6-8 December 2017	LAPFF Annual Conference	4	Officers, Committee/Board Members

**CAMBRIDGESHIRE
PENSION FUND**



Pension Committee

Date: 29 June 2017

Report by: Head of Pensions

Subject:	Pension Fund Annual Business Plan Update report 2017-18
Purpose of the Report	To present the first Pension Fund Business Plan Update for the 2017-18 financial year to the Pension Committee.
Recommendations	The Committee are asked to note the attached Pension Fund Business Plan Update for the 2017-18 financial year.
Enquiries to:	Name – Jo Walton, Governance and Regulations Manager E-mail – jwalton@northamptonshire.gov.uk

1. Background

- 1.1 Good governance requires that updates to the pre-agreed Annual Business Plan are provided to the Committee on a regular basis. This update highlights the progress made on the key activities and ensures that the Pension Fund's objectives are being met.

2. Business Plan Update

2.1. Payroll Reconciliation

- 2.1.1 The reconciliation of Altair payroll records against Altair administration records is making good progress. Of 1,614 potential over and underpayments over £100 pa, 392 cases have been looked into. Of these 392 cases, 113 cases have been identified as underpayments and 2 as overpayments. The other 277 cases that have been looked at are neither over or underpayments. In the majority of cases the payroll record was correct and the administration record was incorrect. All incorrect administration records have been amended accordingly.

2.2 GMP Reconciliation

- 2.2.1 At the March 2017 meeting of the Pension Committee, a budget of £150,000 was agreed for 2017-18 (via the Annual Business Plan 2017-18) to carry out the reconciliation of contracting-out (GMP) data between HMRC and Altair records.

- 2.2.2 From the total deferred and pensioner population of 50,538 members in the Cambridgeshire Pension Fund, a total of 35,279 members' contracting data requires investigation plus an as yet unknown number of active member records. It has therefore been considered necessary to seek external support in completing the reconciliation.
- 2.2.3 As such a direct award via the National LGPS Frameworks has been made to Independent Transition Management Limited (ITM) to carry out the reconciliation of data.
- 2.2.4 ITM will use analytics to match up multiple periods of contracted out service of an individual to potentially multiple administration records of that individual. There are an estimated 17,000 deferred and pensioner records across both schemes that need matching (plus the active members for whom we do not yet have this information for).
- 2.2.5 ITM will also query with HMRC any differences in the value of contracted out liability held between the scheme's records and HMRC's of which there are approximately 5,000 differences already identified on pensioner and deferred data (across both schemes). This will ensure that the Fund only has the liability and the correct value of that liability that corresponds to the period of contracted out service in this scheme that has not already been extinguished (due to refunds of contributions or transfers out).
- 2.2.6 The reconciliation of contracting-out data must be completed by 31 December 2018 as this is when HMRC will close to any further queries or amendments to their records on GMP liability. It will be at this stage that HMRC will write to all individuals with a contracting-out liability and identify which pension scheme is responsible for it.
- 2.2.7 The contract with ITM commenced on 1 June 2017 and is expected to take seven months to complete. ITM will provide progress reports every two weeks and face to face meetings will be held every other month. LGSS Pensions will report progress to the Pension Committee at each meeting.
- 2.2.8 LGSS Pensions will be expected to complete between 400-500 case reviews to ensure that ITM are taking the correct reconciliation action. In order for the project to complete in seven months, LGSS Pensions will need to complete case file reviews within three weeks of receipt. This will be closely monitored.
- 2.2.9 Once ITM have finished the reconciliation, it will be for LGSS Pensions to complete the rectification of any incorrect contracting-out liability and make adjustments to pensions in payment accordingly.

2.3 Overpayment of Pensions

- 2.3.1 The following table summarises the overpayments of pension, those overpayments in recovery and those written off during the period 1 February 2017 to 30 April 2017. Further detail is provided in sections 2.3.2 to 2.3.4.

Overpayment Type	Action	Amount	Total
Death of a Pensioner/Dependent	Written off	£1,942.16 (24 cases)	£11,002.47 (35 cases)
	In the process of	£9,060.31 (18 cases)	

	recovery		
Retirement	Written off	£0	£0
	In the process of recovery	£0	

* Total Pensioner Payroll for the 16/17 financial year is approximately £64.3m

2.3.2 During the period 1 February 2017 to 30 April 2017, 35 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, 24 were automatically written off as the value of the overpayment was less than £250. The remaining 18 cases are currently being pursued for recovery of the overpayment.

2.3.3 In this period £16,484.02 has been recovered to date for the 2016-17 financial year across all overpayment types.

2.4 Timeliness of employer and employee pension contributions

2.4.1 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 April 2016 to 31 March 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
April 2016	96.3	2.7	94.5	5.0
May 2016	97.0	3.0	95.3	4.7
June 2016	97.2	2.8	96.9	3.1
July 2016	97.2	2.8	99.1	0.9
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
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
Average for period	97.5	2.5	96.2	3.8

2.4.2 Details of late paying employers can be found in **appendix 1** of this report (**Private appendix**)

2.5 Variances against the forecast of investments and administration expenses

2.5.1 The following table provides a breakdown of the fund account and supporting tables detailing management expenses from 1 April 2017 to 30 April 2017.

	2017-18 Estimate	2017-18 Forecast	Variance	Comments
	£000	£000	£000	
Contributions	(123,500)	(123,500)	-	
Transfers in from other pension funds:	(5,400)	(5,400)	-	Demand led
TOTAL INCOME	(128,900)	(128,900)	-	
Benefits payable	98,300	98,300	-	
Payments to and on account of leavers:	5,400	5,400	-	Demand led
	103,700	103,700	-	
Management Expenses	8,156	15,640	7,484	See restatement comment below
TOTAL INCOME LESS EXPENDITURE	(17,044)	(9,560)	7,484	
Investment Income	(29,000)	(29,000)	-	
Taxes on Income	-	-	-	
(Profit) and losses on disposal of investments and changes in the market value of investments	(75,000)	(82,484)	(7,484)	See restated comment below
Net return on investments	(104,000)	(104,000)	-	
Net (increase)/decrease in the net assets available for benefits during the year	(121,044)	(121,044)	-	

These figures reflect against the original estimate and inform typical reasons for variances with additional specific detail where necessary

2.5.2 The forecast does not indicate any expected variance. Estimates are based on prior year actuals, adjusted for expected additional project costs and cost savings. It is unusual to see significant variances to estimated costs so early into the financial year.

Management Expenses	2017-18 Estimate £000	2017-18 Estimate £000	Variance £000	Comments
Total Administration Expenses	2,494	2,494	-	
Total Governance Expenses	432	432	-	
Total Investment Expenses	5,230*	12,714	7,484	Please see comment below
TOTAL MANAGEMENT EXPENSES	8,156	15,640	7,484-	

Investment expenses have been uplifted to reflect the impact of measuring and reporting pooled fund fees, previously incorporated in the change in market value of investments. This adjustment affects both Investment expenses and the change in market value of investments and has no impact on the overall net assets available to pay benefits.

The restated estimate for 2017/18 would have reflected a restated value for 2016/17 which has been undertaken for the Statement of Accounts. This figure is *£12,588, therefore the variance based on the restated figure would be £126k.

Administration Expenses Analysis	2017-18 Estimate £000	2017-18 Estimate £000	Variance £000	Comments
<i>Staff Related</i>	1,321	1,321	-	
<i>Altair System</i>	261	261	-	
<i>Altair payroll project</i>	-	-	-	
<i>GMP and Payroll Reconciliation project</i>	150	150	-	One-off cost for 2017/18
<i>Communications</i>	54	54	-	
<i>Other Non-Pay and Income</i>	100	100	-	
<i>County Council Overhead Recovery</i>	608	608	-	
Total Administration Expenses	2,494	2,494	-	

2.5.3 Staff related expenses are forecast to increase from 2016/17 in line with inflationary expectations.

2.5.4 The GMP and Payroll Reconciliation project costs are intended to be a one-off expenditure in order to meet requirements of HMRC to ensure the scheme holds the correct GMP liability for its membership following the cessation of contracting out on 5 April 2016. External expertise is required to complete this project in the most effective manner.

2.6 Procurement of actuarial, governance and benefits consultancy updates

- 2.6.1 The procurement of actuarial, governance and benefits consultancy services is due to be procured via the LGPS National Frameworks with a view to have contracts starting on 1 January 2018. A report will be presented to the Pensions Committee on 23 June 2017 which will outline a process to be agreed in order to proceed with the process.

2.7 LGSS Pensions Service Improvement Plan

- 2.7.1 LGSS Pensions are undertaking further work to establish the responsiveness of the service by obtaining additional feedback from a range of customers of both our professional and transactional services. In addition, improvements in performance reporting through the Workflow system are being investigated.
- 2.7.2 LGSS Pensions are also bringing the Altair system contract co-terminus with the Altair payroll contract following discussions with LGSS Procurement. At the same time the MSS module is being replaced with the latest version that in particular is far more compatible with mobile devices. The costs of the new MSS module will be £20,382 per Fund to implement and an annual cost of £4,223, these costs reflect a reduction in fees which was negotiated by the service.

2.8 The delivery of communications against the plan

- 2.8.1 There has been some key activity taken in line with the communication strategy. Webinar training has been delivered to 50 employers over four sessions focussed on providing employers with training to complete the Year End process. Two webinar sessions were also delivered to 48 employers focussing on the correct calculation of pensionable pay. Both webinars were attended by representatives from EPM and DEMAT whom facilitate the payroll for a large number of employers in the Fund. Therefore the overall reach of the training was 303 employers. Webinars are held across both funds for economies of scale and therefore the numbers quoted above are for both Cambridgeshire and Northamptonshire employers.
- 2.8.2 Pensioner newsletters were sent to members in May. These provided information regarding pension's increase, the end of contracting out and options for topping up State Pension benefits as well as information about fraud prevention. In addition, letters have been sent to all deferred members of the LGPS to promote the use of Member Self Service and remind them that their benefit statements will be provided electronically from this year onwards and will be available on 30 May. The newsletter is available at - <http://pensions.northamptonshire.gov.uk/wp-content/uploads/2017/05/CPF PensionerMatters2017.pdf>
- 2.8.3 The Spring employer forum has been rescheduled for the autumn due to the last forum taking place in November 2016 and there being no major new information for employers at this time. It was anticipated that take up would be small and that resources would be best placed on other activities.

2.9 LGSS Pensions Service and scheme employer key performance indicators

2.9.1 The performance for LGSS Pensions Service for the period 1 February 2017 to 30 April 2017 is as follows -

Key Performance Indicators	Target	Month		
		February	March	April
Notify leavers of deferred benefit entitlement. (Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information)	90%	99%	100%	99%
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%	100%	95%	95%
Award dependant benefits. (Issue award within 5 working days of receiving all necessary information).	95%	81%	92%	84%
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%	44%	57%	50%
Provide transfer-in quote to scheme member. (Letter issued within 10 working days of receipt of all appropriate information).	95%	80%	66%	31%
Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	100%	50%	33%

Notify the employer and scheme members of changes to the scheme rules. (Within one month of the LGSS Pensions Service being informed of the change).	95%	100%	100%	100%
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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	N/A
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2.9.2 The full analysis of data for February, March and April statistics along with explanations on the lower than expected performance can be found in **appendix 2** of this report.

2.9.3 An analysis of the previous 12 months KPI performance can be found in **appendix 3** of this report.

2.9.4 The performance for scheme employers for the period 1 February 2017 to 30 April 2017 is as follows -

3. Relevant Pension Fund Objectives

Continually monitor and measure clearly articulated objectives through business planning. <i>Objective 4</i>			
Key Performance Indicators	Target %	Month %	
		February	March
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%	97.8%	98.0%
Employers to provide LGSS Pensions Service with accurate year end information in the prescribed format by 30 April following contribution year end.	100%	N/A	N/A

4. Finance & Resources Implications

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

5. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There is no risk associated with this as the content has been agreed in the Business Plan	Approved Business Plan	Green

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

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

6. Communication Implications

Direct Communications	The Business Plan Update will be presented to the Pension Committee at its quarterly business meetings.
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7. Legal Implications

7.1 Not applicable

8 Consultation with Key Advisers

8.1 Consultation with the Funds advisers was not required for this report.

9. Alternative Options Considered

9.1 Not applicable

10. Background Papers

10.1 Not applicable

11. Appendices

11.1 Appendix 1 – Details of late paying employers (private)

11.2 Appendix 2 – KPI supporting information

11.3 Appendix 3 – Previous 12 months KPI statistics

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 Section 151 Officer?	Sarah Heywood –15 June 2017
Has this report been cleared by Head of Pensions?	Mark Whitby – 2 June 2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 15 June 2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker –9 June 2017

Appendix 2 – Key Performance Indicator analysis for February, March and April
February 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%	598	592	5	99%	G	
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%	52	52	0	100%	G	
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	31	25	6	81%	A	Cases outside of SLA target due to development of new team members.

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within	RAG	Comments
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						Target		
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%	101	44	57	44%	A	Cases outside of SLA target due to the prioritisation of work in other areas
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	30	24	6	80%	A	Cases outside of SLA target due to development of new team members
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	

March 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%	613	613	0	100%	G	
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%	61	58	3	95%	G	
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	50	46	4	92%	A	Cases outside of SLA target due to development of new team members. Productivity has been impacted by the provision of small single screens in the temporary accommodation.

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within	RAG	Comments
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						Target		
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%	90	51	39	57%	A	Cases outside of SLA target due to the prioritisation of work in other areas
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	32	21	11	66%	R	Cases outside of SLA target due to development of new team members. Productivity has been impacted by the provision of small single screens in the temporary accommodation.
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%	2	1	1	50%	A	Cases outside of SLA target due to a vacancy factor and development of new team members. Productivity has been impacted by the provision of small single screens in the temporary accommodation.

April 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%	380	379	1	99%	G	
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%	61	58	3	95%	G	
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	43	36	7	84%	A	Cases outside of SLA target due to development of new team members. Productivity has been impacted by the provision of small single screens in the temporary accommodation.

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%	132	66	66	50%	A	Cases outside of SLA target due to the prioritisation of work in other areas
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	26	8	18	31%	R	Cases outside of SLA target due to development of new team members and pension increase issues. Productivity has been impacted by the provision of small single screens in the temporary accommodation.
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%	9	3	6	33%	A	Cases outside of SLA target due to a vacancy factor and development of new team members. Productivity has been impacted by the provision of small single screens in the temporary accommodation.

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.**

Appendix 3 - Twelve month analysis of Key Performance Indicators 2016/2017

Service KPI's		Month											
KPI	Target	April %	May %	June %	July %	Aug %	Sept %	Oct %	Nov %	Dec %	Jan %	Feb %	March %
Notify leavers of deferred benefit entitlement	90%	84	86	99	96	98	97	97	96	96	99	99	100
Payment of retirement benefits from active employment.	95%	99	98	97	96	100	100	100	100	99	98	100	95
Award dependant benefits.	95%	98	100	96	90	93	90	85	86	84	97	81	92
Provide a maximum of one estimate of benefits to employees per year on request.	90%	92	84	82	92	80	85	74	87	90	84	44	57
Provide transfer-in quote to scheme member.	95%	100	100	100	90	96	94	97	97	90	79	80	66
Payment of transfer out	90%	100	100	100	100	100	60	100	100	100	100	100	50
Notify the employer and scheme members of changes to the scheme rules.	95%	100	100	100	100	100	100	100	100	100	100	100	100

Employer KPI's		Month											
KPI	Target	April %	May %	June %	July %	Aug %	Sept %	Oct %	Nov %	Dec %	Jan %	Feb %	March %
Arrange for the correct	100%	96.3	97.0	97.2	97.2	96.6	97.1	97.4	98.0	98.9	98.0	97.7	98.0

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													
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Annual KPI Comparisons		Year	
	Target	2015/16 %	2016/17 %
Issue annual benefit statements to active members as at 31 March each year	100	97.83	100
Employers to provide LGSS Pensions Service with accurate year end information in the prescribed format by 30 April following contribution year end.	100	9.91	31.70

**CAMBRIDGESHIRE
PENSION FUND**



Pension Committee

Date: 29 June 2017

Report by: Head of Pensions

Subject:	Employer Admissions and Cessations Report
Purpose of the Report	<ol style="list-style-type: none">1. To report the admission of three admission bodies to the Cambridgeshire Pension Fund.2. To report the cessation of four employers from the fund
Recommendations	<p>That the Pension Committee</p> <ol style="list-style-type: none">1. Notes the admission of the following admission bodies to the Cambridgeshire Pension Fund:<ul style="list-style-type: none">• Elior UK Ltd• Lunchtime UK Ltd (Grove Primary School)• The Adolescent and Children's Trust2. Notes the withdrawal from the Cambridgeshire Pension Fund of the following bodies:<ul style="list-style-type: none">• South Staffordshire and Shropshire Healthcare NHS Foundation Trust• Aspens Services Ltd (Huntingdon Primary)• Aspens Services Ltd (Mayfield Primary)• Avocet Cleaning Services Limited
Enquiries to:	<p>Name – Mark Whitby, Head of LGSS Pensions Tel – 01604 368502 E-mail – mwhitby@northamptonshire.gov.uk</p>

1. Background

- 1.1. 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.

- 1.2 This report provides an update on admissions to the Cambridgeshire Pension Fund since the last meeting of the Pension Committee.

2 New Admission Bodies

- 2.1 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.
- 2.2 A body which falls under paragraph 1(d)(i) of Part 3 of Schedule 2 is an admission body that is providing a service or assets in connection with the exercise of a function of a scheme employer, as a result of a transfer of the service or assets by means of a contract or other arrangement. Though the Regulations effectively provide discretion on the administering authority as to which bodies become paragraph 1(d)(i) admission bodies, guidance by the Department of Communities and Local Government in December 2009 states *“The administering authority cannot decline to admit a contractor if the contractor and the letting authority agree to meet the relevant requirements of the LGPS regulations.”*
- 2.3 The Pension Committee is asked to note that the following have become new admission bodies in the Cambridgeshire Pension Fund under paragraph 1(d)(i)

Date	New Admission Body	Background information
03/01/2017	Elior UK Ltd	Peterborough City Council has outsourced the facilities management for LEA schools to Bouygues Energies and Services, whom were granted admitted body status. Bouygues have subsequently sub-contracted these services to Elior UK Ltd. As a result, 4 members of the LGPS have been transferred from Bouygues Energies and Services to Elior UK Ltd.

01/04/2017	Lunchtime UK Ltd (Grove Primary School)	Cambridgeshire County Council has outsourced its catering services for Grove Primary School to Lunchtime UK Ltd and have transferred their catering staff to Lunchtime UK under TUPE regulations. This will be a pass through admission, meaning Cambridgeshire County Council remains responsible for the pension liabilities in the long term.
01/04/2017	The Adolescent and Children's Trust	Peterborough City Council outsourced the management of their fostering and adoption services to The Adolescent and Children's Trust (TACT). As a result, 29 members of the LGPS have been transferred from Peterborough City Council to TACT. Peterborough City Council will provide a guarantee to the Fund for any funding shortfall at the point of cessation. TACT have also procured a bond to protect Peterborough City Council against premature cessation. The admission therefore satisfies the requirements of the Fund's Admissions policy.

3. Cessations

3.1 **South Staffordshire and Shropshire Healthcare NHS Foundation Trust**

South Staffordshire and Shropshire Healthcare NHS Foundation Trust were admitted to the fund under a pass through admission agreement on 2 May 2013, after entering into a contract to provide Drug and Alcohol services, known as Inclusion – Cambridgeshire.

- 3.1.2 The admission agreement has now ceased following the last active member leaving employment. 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.

3.2 **Aspens Services Ltd (Huntingdon Primary School)**

Aspens Services were admitted to the Fund under a pass through admission agreement on 1 September 2015, after entering a contract to provide catering services to Huntingdon Primary School which resulted in a transfer of staff from Cambridgeshire County Council to Aspens Service Ltd, under TUPE regulations.

3.2.1 The admission agreement has now ceased following the last active member leaving employment. 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.

3.3 **Aspens Services Ltd (Mayfield Primary School)**

Aspens were admitted to the Fund under a pass through admission agreement on 1 April 2016, after entering a contract to provide catering services to Mayfield Primary School which resulted in a transfer of staff from Cambridgeshire County Council to Aspen Services Ltd, under TUPE regulations.

3.3.1 The admission agreement has now ceased due to the last active member, leaving employment. All employee and employer pension contributions owing to the Fund have been paid. As a pass through admission, all liabilities have passed back to Cambridgeshire County Council as the ceding employer, therefore no cessation payment is required.

3.4 **Avocet Cleaning Services**

Avocet Cleaning Services were admitted to the fund under a pass through admission agreement on 19 April 2010 after entering into a contract to provide cleaning services at The Castle School, which resulted in a transfer of staff from Cambridgeshire County Council to Avocet Cleaning Services under TUPE regulations.

3.4.1 The admission agreement has now ceased due to the last active member leaving employment. All employee and employer pension contributions owing to the Fund have been paid. As a pass through admission, all liabilities will pass back to Cambridgeshire County Council therefore no cessation payment is required.

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>

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>

5. Finance & Resources Implications

- 5.1 Actuarial costs incurred by obtaining a calculation of employer contribution rates, bond levels and funding positions at commencement are recharged directly to the relevant employer.
- 5.2 The employer contribution rates contain an allowance for administration charges, and the employer is charged a fee to recover the Funds administrative costs of on boarding new employers and terminating ceased employers. This means that admissions and cessations should be cost neutral.
- 5.3 Employers who are unable to pay monies due during the course of active membership may result in unpaid liabilities being borne by other employers in the Fund. Measures to mitigate such an eventuality are readily available for admission bodies and set out in section 8 below.

6. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
An admitted body does not pay the pension contributions due in full or on time. A late payments policy is in place which sets clear policies on how we deal with late or non-payment of contributions.	Further to this, there is the ability, under the terms of the admission agreement, to require the letting authority to set off against any payments due to the Admission Body an amount equal to the sum due and pay the sum to the Fund.	Green
A company admitted to the Fund as an admission body may become financially unviable.	A surety bond or guarantor is required to cover the potential risk of the admitted body becoming insolvent and the monetary value of this risk is reviewed regularly to ensure it provides adequate cover for the financial risks involved.	Green

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

Risk	Risk Rating
Non compliance with CLG guidance that, an application by an admission body falling under paragraph 1(d)(i) of Part 3 Schedule 2 of the regulations, cannot be declined where the requirements of the LGPS Regulations are met.	Red

7. Communication Implications

Direct Communications	Direct communications will be required to facilitate employer start up in the LGPS.
Newsletter	Regular pension bulletins are issued to the scheme employers on topical matters.
Induction	New employers require an introduction to their employer responsibilities under the LGPS.
Seminar	Employers will be entitled to attend an annual Employer Forum.
Training	Generic and bespoke training courses will be made available.
Website	New employers are given access to the employer's guidance available on the pension's website.

8. Legal Implications

- 8.1 Admitted bodies enter into an admission agreement with the administering authority in order to become an employer within the Cambridgeshire Pension Fund. This agreement sets out the statutory responsibilities of an employer, as provided for under the Regulations governing the LGPS.

9. Consultation with Key Advisers

- 9.1 Contribution rate and bond assessments are undertaken by Hymans Robertson, the Fund Actuary.
- 9.2 A precedent admission agreement has been drafted by Eversheds, specialist pension legal advisers in consultation with LGSS Law.

10. Alternative Options Considered

- 10.1 None available.

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 Section 151 Officer?	Sarah Heywood –15 June 2017
Has this report been cleared by Head of Pensions?	Mark Whitby –2 June 2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford –15 June 2017
Has this report been cleared by Legal	Sent to Quentin Baker – 9 June 2017

Services?	
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**CAMBRIDGESHIRE
PENSION FUND**



Pension Committee

Date: 29 June 2017

Report by: Head of Pensions

Subject:	Review of Administration Strategy
Purpose of the Report	To present the Administration Strategy to the Pension Committee
Recommendations	The Pension Committee are asked to approve the revised Administration Strategy for consultation with stakeholders
Enquiries to:	Name – Mark Whitby – Head of Pensions Tel – 07990 556197 E-mail – mwhitby@northamptonshire.gov.uk

1. Background

- 1.1 The Local Government Pension Scheme Regulations 2013 provide that Administering Authorities may prepare, maintain and publish a written Statement setting out their policy concerning administration matters, and that the administering authority and its employing authorities must then have regard to that strategy when carrying out their functions.
- 1.2 The Cambridgeshire and Northamptonshire Pension Fund have an Administration Strategy in place that has been jointly agreed by both Funds and is now scheduled for review. The current version of this Strategy also includes a Communication Strategy, which has already been agreed as a separate Strategy and therefore needs removing from the Administration Strategy.
- 1.3 The revised Administration Strategy has already been separately reviewed by the members of the Pension Fund Board of the Cambridgeshire and Northamptonshire Pension Funds as part of their role in supporting the work of the Pension Committees. The draft being presented for approval incorporates all of the comments and suggestions made by the Boards.

2. Purpose of the Policy

- 2.1 The aim of the Administration Strategy is to set out clearly what is expected from the administering authorities and the Funds' employers, in order to deliver a high quality, value for money service to Scheme members.
- 2.2 Having a Strategy in place also enables an administering authority to recover additional costs from a scheme employer where, in its opinion, they are directly related to the poor performance of that scheme employer.
- 2.3 To date neither the Cambridgeshire Pension Fund or the Northamptonshire Pension Fund have used the powers set out in paragraph 2.2 as the existing measures in this area are difficult to implement in practice.

3. Review of Administration Strategy

- 3.1 Appendix 1 sets out the latest draft of the Administration Strategy for approval by the Pensions Committee. For ease of comparison with the currently published version, Appendix 2 provides a Microsoft Word comparison of the latest draft with the currently published Administration Strategy.
- 3.2 The Administration Strategy has had numerous updates which can be categorised as:
 - Removing the Communication Strategy;
 - Minor Regulation updates;
 - Making the Strategy more concise and user friendly by removing unnecessary wording;
 - Streamlining the recovery of costs approach.
- 3.3 The Pension Fund Boards suggested a number of amendments to the draft Strategy put to them for consideration, which have now been incorporated into the latest draft. These amendments included:
 - Clarification that any costs recovered would be directly used to reduce the administration cost to all scheme employers;
 - Mentioning that we would escalate poor performance concerns to the most senior contact available within scheme employer organisations;
 - Confirmation that where the scheme employer fails to pay poor performance charges, any further costs incurred by LGSS Pensions to recover these monies would also be recharged.

4. Next steps

- 4.1 Following approval by the Pension Committee the Administration Strategy will be subject to a 30 day consultation with relevant stakeholders e.g. scheme employers and HR/Payroll data suppliers.

- 4.2 Should the consultation process result in material changes to the Strategy it will be brought to the next available meeting of the Pension Committee for final approval prior to publication. Otherwise, the Strategy will be published immediately following the consultation process.
- 4.3 Once implemented the Pension Committee will be advised of employer performance issues and cost recovery as part of the existing quarterly performance reporting process.

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>
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>
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>

6. Finance & Resources Implications

- 6.1 Any costs recovered will be enough to cover the resources expended in seeking recovery of those costs and will be used to reduce the administration cost for all scheme employers.

7. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
Scheme employers may react adversely to stronger cost recovery measures	Clarification to be provided that these measures are only implemented once full training and support are put in place, are expected to be rarely used in practice, and provide equity to all scheme employers regarding administration costs.	Green

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

Risk	Risk Rating
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The current version of the Administration Strategy does not enable the Fund to deal efficiently with poor performing employers.	Amber
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8. Communication Implications

Direct Communications	<p>The Fund will publish the policy on its website for consultation following approval by the Pensions Committee, issuing a direct communication to each relevant stakeholder</p> <p>Following the consultation process, employers will be briefed on the new Strategy, and processes for implementation, at the next Employer Forum.</p>
Website	As above

9. Legal Implications

9.1 Not applicable

10. Consultation with Key Advisers

10.1 The revised Strategy was developed in consultation with Hymans Robertson.

11. Alternative Options Considered

11.1 Not applicable

12. Background Papers

12.1 Not applicable

13. Appendices

13.1 Appendix 1 – Draft Administration Strategy
Appendix 2 – Comparison document

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	Depends on the outcome of the consultation
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 15 June 2017
Has this report been cleared by Head of	Mark Whitby – 30 May 2017

Pensions?	
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 15 June 2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 9 June 2017

CAMBRIDGESHIRE PENSION FUND & NORTHAMPTONSHIRE PENSION FUND

ADMINISTRATION STRATEGY



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1. Introduction

This document is the Administration Strategy of Northamptonshire Local Government Pension Fund and Cambridgeshire Local Government Pension Fund managed by Northamptonshire County Council and Cambridgeshire County Council respectively (the administering authorities). The administration of these Funds is carried out on behalf of the administering authorities by LGSS.

The aim of this strategy is to set out clearly what is expected from the administering authorities and the Funds' employers, in order to deliver a high quality, value for money service to Scheme members.

2. Administration Strategy

This Administration Strategy is effective from **[Insert Date]**. It will be reviewed annually to ensure the strategic objectives remain relevant.

A separate Business Plan including actions in relation to administration matters is published and reviewed annually. This outlines how we intend to deliver this strategy, including how we achieve our objectives, the measurements we have in place to monitor our success and a timetable of events.

Regulatory framework

This Statement has been produced in accordance with Regulation 59 of the Local Government Pension Scheme Regulations 2013. The Regulations provide that Administering Authorities may prepare, maintain and publish a written Statement setting out their policy concerning administration matters, and that the administering authority and its employing authorities must then have regard to that strategy when carrying out their functions.

The Regulations also require that the administering authority should consult with its employing authorities (and any other persons it considers appropriate) in preparing or reviewing its administration strategy.

In addition, regulation 70 allows an administering authority to recover additional costs from a scheme employer where, in its opinion, they are directly related to the poor performance of that scheme employer. Where this situation arises the administering authority is required to give written notice to the scheme employer, setting out the reasons for believing that additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated.

This Administration Strategy of the Northamptonshire Pension Fund and Cambridgeshire Pension Fund therefore sets out the information as required by the Regulations mentioned above.

Nothing in this strategy overrides the legal responsibilities of any parties, for example the statutory requirement¹ to notify the Pension Regulator in the event of a material breach of the law.

Key objectives

The administration of Northamptonshire Pension Fund and Cambridgeshire Pension Fund will be delivered in line with these objectives. We aim to:

- Provide a high quality, friendly and informative administration service to the Funds' stakeholders.
- Administer the Funds in a cost effective and efficient manner utilising technology.

¹ Under section 70 of the Pensions Act 2004

- Ensure each Fund and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Fund.
- Put in place standards for each Fund and its employers and ensure these standards are monitored and developed as necessary.
- Ensure each Fund and its stakeholders have the appropriate skills and receive training to ensure those skills are maintained in a changing environment.
- Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount.
- Maintain accurate records and ensure data is protected and has authorised use only.
- Understand the issues affecting scheme employers and the LGPS in the local and national context and adapt strategy and practice in response to this.

Measurements are in place to determine if these objectives are being met, which are published in the Administration Section of the Funds' Business Plans.

Delivering the Objectives

Method of Delivery

The Funds' administration will be carried out by LGSS which, as an in-house shared service arrangement, benefits from the efficiency of joint delivery whilst retaining control within the two administering authorities to meet individual Fund objectives. The Funds will be proactive in setting strategies to which the LGSS services should adhere to, including this Administration Strategy.

Procedures for liaison and communication with employers and other stakeholders

The delivery of a high quality administration service is not the responsibility of just the administering authority, but depends on the joint working of the administering authority with a number of individuals in different organisations to ensure scheme members, and other interested parties, receive the level of service in line with the Funds' objectives as well as ensuring that statutory requirements are met.

In particular, the administering authority relies on employers to provide them with the appropriate information to maintain accurate records and pay accurate benefits. The Funds acknowledge that this is a partnership arrangement, underlined by strongly targeted performance measures, as shown below:

- Providing a named contact (and deputy) at the Fund for all employer communications and queries
- Providing clear instructions and forms/interfaces to allow seamless transfer of information by employers

- Provide information within the performance standards outlined in this Strategy
- Ensure all information provided is correct by having an appropriate quality review process in place
- In return, the employers within each Fund are expected to:
 - Provide a named contact (and deputy) at the employer for all Fund communications and queries. Where multiple contacts are provided (for different duties) name one person who is ultimately responsible for ensuring the employer carries out their roles and responsibilities.
 - Provide information to the Fund as outlined in instructions using the Fund's approved forms and/or interfaces
 - Aim to provide information within the performance standards outlined in this Strategy
 - Ensure all information provided is correct by having appropriate quality review in place

Full details of the procedures for liaison and communication between the Funds and its stakeholders are included within the Funds' Communication Strategy.

Performance Standards

The Funds will ensure that all functions/tasks are carried out to the agreed quality standards. In order to comply with both the Regulatory requirements and the Funds objectives, LGSS aims to achieve a high quality administration service and timeliness of performance. Strong review of its performance measures will determine this.

Procedures for ensuring compliance with statutory requirements and measuring levels of performance

Various means will be employed, as determined from time to time, to assist in monitoring compliance with this Administration Strategy. More detailed methods may be included in a service level agreement (SLA) between an individual scheme employer and the respective administering authority (signed on behalf of the latter by LGSS Pensions).

Methods may include:

- Internal/External Audit review of processes and internal controls
- Performance monitoring against LGSS tasks noted in Appendix C.
- Performance monitoring of the Employers against Appendix B and individual employer SLA's.
- Compare performance against other Administering Authorities by using CIPFA Pensions Benchmarking club

- The Fund's Employer liaison function will offer the following services; The opportunity for a biennial review meeting between a representative of the administering authority and the scheme employer to monitor and review performance against targets, the quality of information exchange and ensure compliance with statutory obligations.
- Seminars and training sessions, including webinars, on the most pertinent issues affecting Fund members and employers
- An Employer Pension Forum will be held, at least on an annual basis
- A Employer Helpdesk is available from 9am to 5pm during normal working days to answer queries by telephone or email.

Improving Administration

Using the means mentioned above, the Funds will monitor progress against this Administration Strategy. This information is reported to the respective Funds' Pension Committees and Pension Boards alongside any remedial action taken where the expected standards are not being met. In addition, key performance indicators relating to the Funds' and their employers' performance will be reported in their respective Annual Report and Accounts.

Circumstances where the administering authority may levy costs associated with the employing authorities poor performance

Regulation 70 of the Local Government Pension Scheme Regulations 2013 provides that an administering authority may recover from an employing authority any additional costs associated with the administration of the scheme incurred as a result of the poor level of performance of that employing authority. Where an administering authority wishes to recover any such additional costs they must give written notice stating:-

- The reasons in their opinion that the scheme employer's poor performance contributed to the additional cost;
- The amount of the additional cost incurred;
- The basis on how the additional cost was calculated; and
- The provisions of the pension administration strategy relevant to the decision to give notice.
- In instances where the performance of the scheme employer results in fines being levied against the administering authority by the Pension Regulator, Pensions Ombudsman or other regulatory body, these costs will be recoverable immediately.

Circumstances where costs might be recovered

It is the policy of the Fund to recover additional costs incurred in the administration of the Scheme as a direct result of the unsatisfactory level of performance of any scheme employer.

The circumstances where such additional costs will be recovered from the scheme employer are:

- failure to provide relevant information to the Fund, scheme member or other interested party in accordance with specified performance targets in this Administration Strategy (either as a result of timeliness of delivery or quality of information)
- failure to pass relevant information to the scheme member or potential members, either due to poor quality of information or not meeting the agreed timescales outlined in the performance targets in this Administration Strategy
- failure to deduct and pay over correct employee and employer contributions to the Fund within the stated timescales
- Instances where the performance of the scheme employer results in fines being levied against the Fund by the Pension Regulator, Pensions Ombudsman or other regulatory body.
- Instances where an act or failure to act by an employer results in an unauthorised payment under the Finance Act 2004 which results in the Fund being subject to a tax liability.
- Instances where an act or failure of a scheme employer results in a benefit being incorrectly awarded and the subsequent overpayment is not able to be recovered from the scheme member.

The approach by the Fund when such instances occur is as follows:

1. Write to the employer noting the Fund's areas of concern regarding the employer's performance and offer training or a meeting to address the issue.

Note that some performance standards are expressed as a percentage less than 100%. This recognises that for certain, often high volume, work there may be legitimate reasons why 100% compliance with a target is not possible. For these categories the target is measured monthly in order to highlight areas of potential concern.

- 2a. If no improvement is made within one month of the above date, or where the matter in question is not a regular event and no improvement is made at the next occasion that that same matter occurs, **and the offer of training or a meeting has not been accepted**, the Fund will issue a formal written notice. The notice will set out the area(s) of concern that have been identified, the steps taken to resolve those area(s) and notice that the additional costs will now be reclaimed.

OR

- 2b. If no improvements is made from one month following either a training session or a meeting with the Employer, or where the matter in question is not a regular event and no improvement is made at the next occasion that that matter occurs following the training or meeting, the Fund will issue a formal written notice. The notice will set out the area(s) of concern that have been identified, the

steps taken to resolve those area(s) and notice that the additional costs will now be reclaimed.

3. An invoice will then be issued to the scheme employer which sets out calculations of any loss resulting to the Fund, or additional cost, taking account of time and resources in resolving the specific area(s) of unsatisfactory performance, in accordance with the fee scale set out in this document.
4. All instances of additional costs recharges will be presented to the Pension Fund Committee and Local Pension Board.

All communications will be directed to our most senior contact within a scheme employer organisation from the beginning of this process. In the case of poor performance by a third party HR/payroll supplier, the relevant scheme employer will be informed of action being taken from the outset of the process.

Any costs recovered will be paid into the respective Pension Fund to reduce the administration cost to all scheme employers in the Fund.

Illustrative additional administration costs

Based on the Fund's experience of dealing with late or inaccurate information, we have been able to make accurate estimates of the amount of additional resource required in order to remedy the problems this causes. The costs below reflect the additional resource required to chase information and correct inaccurate data. They also reflect the fact that having to re-run calculations multiple times as a result of poor data presents an opportunity cost as staff would be otherwise more productively engaged.

Note that any further costs incurred as the result of non-payment of invoiced additional costs will also be passed on to the relevant scheme employer.

As such the fees shown below are illustrative and may be higher (or lower) if individual circumstances are atypical.

Employer Scheme function		Illustrative charge
Administration process	Description	
Monthly contribution pay over	Late payment of employee, employer and additional pension contributions (APC/ARC/Added years) to the Fund by the 19 th of the month following deduction	<p>£80 if no interest charge</p> <p>Additional £100 if interest charges need to be calculated</p> <p>Interest payable at prevailing rate if payment more than XX days late</p> <p>£80</p>

	No schedule of payments sent and received by the Fund	
New active member	Scheme employer has not notified the Fund within 10 working days of the relevant calendar month end	£50 per notification A further £30 for each month the notification is outstanding
Leavers (non-retirement)	Scheme employer has not notified the Fund of any leaver. The late or non-provision of a leaver form. Poor data detailed on the form, in particular inaccurate pay details.	£50 per notification A further £30 for each month the notification is outstanding
Retirement	Scheme employer has not notified LGSS that a member is due to retire within 10 working days before date of leaving. Non-provision of retirement form, poor data detailed on the form – particularly inaccurate pay details.	£160 per notification A further £80 for each month the notification remains outstanding These higher rates reflect the fact the retiree will be chasing LGSS Pensions for their pension
Year End data	Scheme employer has not provided year end data by the 30 th April and/or quality of data provided is poor and requires LGSS manual intervention and additional data cleansing.	£400 per data file A further £200 per month the data is outstanding
Year End data queries	Scheme employer has not responded to LGSS queries regarding submitted year end data within 10 working days of this request or the response has been unsatisfactory and queries remain outstanding	£100 per omission A further £60 per month of non-response or unsatisfactory replies

Further information

If you would like more information about the Scheme please contact us at the address below.

LGSS Pensions

One Angel Square

Angel Street

Northampton

NN1 1ED

pensions@northamptonshire.gov.uk

<http://pensions.cambridgeshire.gov.uk/>

<http://pensions.northamptonshire.gov.uk/>



3. Appendix A – Whole Fund Administration Performance Standards

The following are key indicators where the target can only be achieved by the Administering Authority and Employing Authorities both delivering high levels of administration.

Function / Task	Indicator	Target
Notify leavers of deferred benefit entitlements	Deferred award letter sent within 40 working days of last day of employment.	90%
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%

Appendix B –Employer Performance Standards

The following are the performance targets that the Employer will be expected to meet.

Function/Task	Indicator	Target
Confirm nominated representatives	Representative confirmed within 30 working days of employer joining fund or change to nominated representative	100%
Arrange for the correct deduction of employee and employer contributions and pay over in a timely manner for both monthly and annual returns.	Number of months in the year where contributions were in the Pension Fund by the 19 th calendar day of month after deduction	100%
Upon receipt of a notification from an Additional Voluntary Contribution (AVC) provider of an employee's election to pay, vary the amount or cease AVCs (or Shared Cost AVCs where applicable), to apply the notification accordingly and where applicable deduct from a member's pay the contributions as instructed by the AVC provider.	Within 1 month of receipt of notification from the AVC provider	100%
Pay over to the specified AVC provider contributions deducted from a member's pay.	Within 7 days of deduction from pay	100%
Upon receipt of a notification from LGSS Pensions of an employee's election to pay Additional Regular Contributions, to apply the notification accordingly and where applicable deduct from a member's pay and pay over to LGSS Pensions, the contributions as instructed by LGSS Pensions.	Within 1 month of notification from LGSS Pensions	100%

Function/Task	Indicator	Target
Respond to enquiries from LGSS Pensions in respect of retirements, estimates or any other query identified as urgent.	Response received within 5 working days from receipt of enquiry.	100%
Respond to enquires from the LGSS Pensions in respect of those queries deemed as non urgent	Response received within 10 working days from receipt of enquiry.	95%
Provide new employees with scheme information	Within the automatic enrolment joining window.	100%
Determine appropriate rate of employee contributions for new scheme members in the LGPS	Decisions made by time of first salary payment.	100%
Provide LGSS Pensions with all necessary information regarding new starters and hours/weeks per year variations.	Within 10 working days of the relevant calendar month end	95%
Determine reason for leaving and Final pay, issue entitlement award to member and leavers certificate to LGSS Pensions for leavers NOT entitled to immediate payment of pension.	Certificate received within 15 working days of date of leaving	95%
Determine reason for leaving and Final pay, issue entitlement award and retirement pack to member and leavers certificate to LGSS Pensions for retirees entitled to immediate payment of pension.	Certificate received at least 10 working days <u>before</u> date of leaving.	95%
Provide LGSS Pensions with accurate year end information in prescribed format	Information to be provided for all members by 30 April following contribution year end	100%
Must have published Employer Discretions, accessible by all employees and copy provided to LGSS Pensions.	Discretions published and provided to LGSS Pensions within 30 days of approval	100%
Discretions must be reviewed and amended as necessary	Any amendments to discretion must be confirmed in writing within 30 days from change	100%

Appendix C – LGSS Pensions Performance Standards

The following are the headline performance targets that LGSS Pensions Service will be expected to meet.

Function / Task	Indicator	Target
LIAISON AND COMMUNICATION		
Confirm nominated employer liaison officer	10 working days of employer joining fund or change to nominated officer	100%
Publish and keep under review the administration strategy.	Within three months of decision to develop an administration strategy or one month of any changes being agreed with scheme employers	100%
Keep up to date the employer website, including procedural guides, scheme guide and all other documents and forms	20 working days from date of change/amendment	100%
Formulate and publish policies in relation to all areas where the Administering Authority may exercise a discretion within the scheme	Within 30 working days of policy being agreed by the Pensions Committee	100%
Organise bespoke training sessions for Scheme employers, subject to fair use of training resource	Training date agreed with employer within one month of request	100%
Notify the employer and scheme members of changes to the scheme rules	Within one month of LGSS Pensions being informed of the change	95%
Notify the employer of any issues relating to its poor performance (including arranging meeting if required)	Within 20 working days of performance issue becoming apparent	90%
Notify the employer of any costs recoverable under this Strategy associated with their poor performance (including any interest that may be due)	Within 20 working days of the event	100%

Function / Task	Indicator	Target
Issue annual benefit statements to active members as at 31 March each year	By the following 30 September(pending timely receipt of satisfactory year end data from the scheme employer)	100%
Issue annual benefit statements to deferred benefit members as at 31 March each year for those which we have an up to date address	By the following 30 June	100%
FUND ADMINISTRATION		
Issue formal valuation results (including individual employer details)	20 working days from receipt of results from Fund Actuary (but in any event no later than 31 March following the valuation date)	100%
Carry out cessation valuation exercise on cessation of admission agreements or employer ceasing participation in the Pension Fund	Initiated within 40 days with Fund Actuary plus results issued to employer within 2 months of clean data	100%
Publish, and keep under review, the Administering Authority's governance policy statement	Within 30 working days of policy being agreed by the Pensions Committee	100%
Publish and keep under review the Pension Fund's funding strategy statement	To be reviewed at each triennial valuation, following consultation with scheme employers and the Fund's Actuary. Revised statement to be issued with the final valuation report	100%
Publish the Pension Fund annual report and any report from the auditor	By 31 August following the year end	100%
Provide an FRS17/IAS19 report to employers for their chosen accounting date	Within one month of the accounting date providing employer has agreed to costs and returned required data to LGSS Pensions by 1 st of the month in which the accounting date falls	100%

Function / Task	Indicator	Target
SCHEME ADMINISTRATION		
Provide transfer-in quote to scheme member	Letter issued within 10 working days of receipt of all appropriate information	95%
Confirm transfer-in payment and service credited to scheme member	Letter issued within 10 working days of receipt of transfer payment by Pension Fund (or receipt of all information needed to complete calculations if later)	90%
Notify the employer of scheme member's election to pay or cease paying additional regular contributions and other contracts, including all required information to enable deductions to commence or finish.	Email sent within 5 working days of receipt of election from scheme member	95%
Calculate cost of additional regular contributions, and notify scheme member	Letter sent within 10 working days of receipt of request from scheme member	90%
Provide requested estimates of benefits to employers including any additional fund costs in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency	Estimate in agreed format provided within 10 working days from receipt of all information	90%
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%
Provide a maximum of one cash equivalent transfer value (CETV) to employees per year on request	Provided within 10 working days from receipt of all information	90%
Provide a divorce quotation to employees on request	Provided within 10 working days from receipt of all information	90%

Function / Task	Indicator	Target
Notify leavers of deferred benefit entitlements or concurrent amalgamation.	Notification issued within 15 working days of receiving all necessary information.	90%
Notify employees retiring from active membership of benefits award.	Issue award within 5 working days after payable date or date of receiving all necessary information if later.	95%
Payment of ongoing pension (not including the first pension payment).	Eligible payments made on the publicised payment date.	100%
Acknowledge death of active/deferred/pensioner member.	Letter issued within 5 working days following notification of death	100%
Award dependent benefits.	Issue award within 5 working days of receiving all necessary information.	95%
Provide responses to other enquiries from scheme members, scheme employers, personal representatives, dependents and other authorised persons	Full response within 5 working days from receipt of all information needed to respond to enquiry	90%
Where a full response will not be available within the published service standards send an acknowledgement and provide the expected timescale.	Acknowledgement within 5 working days from receipt of initial enquiry	100%
Appoint stage 2 “appointed person” for the purposes of the pension dispute process and notify all scheme employers of the appointment	Within 30 working days following the resignation of the current “appointed person”	100%
Process all stage 2 pension dispute applications	Within two months of receipt of the application, or such longer time as is required to process the application where further information or clarification is required.	100%

Function / Task	Indicator	Target
Publish and keep under review the Pension Fund policy on the abatement of pension on re-employment	Notify scheme members and scheme employers within one month of any changes or revisions to the policy	100%

CAMBRIDGESHIRE PENSION FUND &
NORTHAMPTONSHIRE PENSION FUND

ADMINISTRATION STRATEGY &
~~COMMUNICATION STRATEGY~~



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1. Introduction

This document ~~incorporates~~is the ~~joint-Administration and Communication Strategies of Cambridgeshire Local Government Pension Fund and~~Strategy of Northamptonshire Local Government Pension Fund, ~~and Cambridgeshire Local Government Pension Fund~~ managed by ~~Cambridgeshire County Council and~~ Northamptonshire County Council and Cambridgeshire County Council respectively (the ~~Administering Authorities~~).administering authorities). The administration of these Funds is carried out on behalf of the administering authorities by ~~Cambridgeshire and Northamptonshire County Councils~~ LGSS.

~~Together the two Funds have over 200 employers with contributing members and the total membership of over 114,000 scheme members.~~

~~2-~~The aim of this strategy is to set out clearly what is expected from the administering authorities and the Funds' employers, in order to deliver a high quality, value for money service to Scheme members.

2. Administration Strategy

The LGPS represents a significant benefit to scheme members. Much of the success in promoting the scheme amongst scheme members and ensuring a high quality service delivery depends upon the relationship between the administering authority and scheme employers in the day to day administration of the scheme. Good quality administration can also help in the overall promotion of the scheme and remind or alert employees to the value of the LGPS, thereby helping with recruitment, retention and motivation of employees.

Development of an administration strategy, as allowed for by the Local Government Pension Scheme, is seen as one of the tools which can help in delivering a high quality administration service to the scheme member and other interested parties. Delivery of a high quality administration service is not the responsibility of one person or organisation, but is rather the joint working of a number of different parties.

This Administration Strategy has been developed following consultation with employers in the Cambridgeshire and Northamptonshire Pension Funds.

The aim of this strategy statement is to set out the quality and performance standards expected of Cambridgeshire County Council and Northamptonshire County Council in their roles of administering authority and scheme employer, as well as all other scheme employers within the Funds. It seeks to promote good working relationships, improve efficiency and enforce quality amongst the scheme employers and the administering authority.

The efficient delivery of the benefits of the LGPS is dependent on sound administrative procedures being in place between a number of interested parties, including the administering authorities and scheme employers. This Strategy Statement sets out the expected levels of performance of the administering authorities and their scheme employers, as well as details on how performance levels will be monitored and the action that might be taken where persistent failure occurs.

This Administration Strategy is effective from ~~the 1st April 2013.~~[Insert Date]. It will be reviewed annually to ensure the strategic objectives remain relevant.

A separate Business Plan including actions in relation to administration matters is published and reviewed annually. This outlines how we intend to deliver this strategy, including how we achieve our objectives, the measurements we have in place to monitor our success and a timetable of events.

Regulatory framework

This Statement has been produced in accordance with Regulation ~~6559~~ of the Local Government Pension Scheme (~~Administration~~) Regulations 20082013. The Regulations provide that Administering Authorities may prepare, maintain and publish a written Statement setting out their policy concerning administration matters, and that the administering authority and its employing authorities must then have regard to that strategy when carrying out their functions.

~~The Regulations state that the strategy may include some of these areas:~~

- ~~• procedures for liaison and communication with its employing authorities;~~
- ~~• levels of performance which the administering authority and its employing authorities are expected to achieve in carrying out their Scheme functions such as:~~
 - ~~○ the setting of performance targets;~~
 - ~~○ the making of agreements about levels of performance and associated matters, or~~
 - ~~○ the use of such other means as the administering authority considers appropriate;~~

- ~~• procedures which aim to secure that the administering authority and its employing authorities comply with statutory requirements in respect of those functions and with any agreement about levels of performance;~~
- ~~• procedures for improving the communication by the administering authority and its employing authorities to each other of information relating to those functions;~~
- ~~• the circumstances in which the administering authority may consider giving written notice to any of its employing authorities with regard to recovering additional costs on account of that employing authority's unsatisfactory performance in carrying out its Scheme functions;~~
- ~~• the publication by the administering authority of annual reports dealing with—~~
 - ~~○ the extent to which that authority and its employing authorities have achieved the levels of performance~~
 - ~~○ such other matters arising from its pension administration strategy as it considers appropriate; and~~
- ~~• such other matters as appear to the administering authority, after consulting its employing authorities and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.~~

The Regulations also require that the administering authority should consult with its employing authorities (and any other persons it considers appropriate) in preparing or reviewing its administration strategy.

In addition, regulation ~~43 of the Administration Regulations~~70 allows an administering authority to recover additional costs from a scheme employer where, in its opinion, they are directly related to the poor performance of that scheme employer. Where this situation arises the administering authority is required to give written notice to the scheme employer, setting out the reasons for believing that additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated.

~~Therefore, this~~This Administration Strategy of the ~~Cambridgeshire Pension Fund and Northamptonshire Pension Fund~~and Cambridgeshire Pension Fund therefore sets out the information as required by the Regulations mentioned above.

Current Trends

~~This Administration Strategy is produced during a considerable period~~Nothing in this strategy overrides the legal responsibilities of ~~change~~. Key issues currently around are:

- ~~• The prospect~~any parties, for example the statutory requirement¹ to notify the Pension Regulator in the event of major public sector pension changes by the end a material breach of the current Parliament (2015) which provides a major communication challenge.
- ~~• The introduction of auto enrolment and the interaction with the LGPS, which will have both communication and procedural challenges for all employers.~~
- ~~• Conversion of schools to academies which requires a considerable amount of employer liaison.~~

¹ Under section 70 of the Pensions Act 2004

- ~~• Scheme employers outsourcing activity in a variety of ways which requires a considerable amount of employer liaison and also impacts the number of people available to be members of the LGPS.~~
- ~~• Changes to scheme membership which will accelerate the maturity point of the LGPS (the point where annual expenditure exceeds annual income).~~
- ~~• Increasing awareness of the value of the LGPS among the membership and the consequent demands for relevant information.law.~~

Key objectives

The administration of Northamptonshire Pension Fund and Cambridgeshire Pension Fund ~~and Northamptonshire Pension Fund~~ will be delivered in line with these objectives. We aim to:

- Provide a high quality, friendly and informative administration service to the Funds' stakeholders.
- Administer the Funds in a cost effective and efficient manner utilising technology.
- Ensure ~~the Fund~~each Fund and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the ~~Funds.~~Fund.
- Put in place standards for ~~the~~each Fund and its employers and ensure these standards are monitored and developed as necessary.
- Ensure ~~the~~each Fund and its stakeholders have the appropriate skills and receive training to ensure those skills are maintained in a changing environment.
- Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount.
- Maintain accurate records and ensure data is protected and has authorised use only.
- Understand the issues affecting scheme employers and the LGPS in the local and national context and adapt strategy and practice in response to this.

Measurements are in place to determine if these objectives are being met, which are published in the Administration Section of the Funds' Business Plans.

~~*References to the Funds refer to the staff employed by the Administering Authority to carry out the administration of the Funds.~~

Delivering the Objectives

Method of Delivery

~~There are a number of options to administering the Funds, including In-house administration, and third party administration.~~

The Funds' administration will be carried out by LGSS, which, as an in-house shared service arrangement, benefits from the ~~efficiencies~~efficiency of joint delivery whilst retaining control within the two administering authorities ~~in order to meet the individual Fund objectives outlined above, e.g. in relation to a quality service and accurate record keeping.~~ The Funds will be proactive in setting strategies to which the LGSS services should adhere to, including this Administration Strategy.

~~At the time of writing, LGSS provides administration services to the Cambridgeshire Pension Fund and the Northamptonshire Pension Fund, though it is envisaged further LGPS Funds will join LGSS in the future, which will benefit the Funds through increased efficiencies, particularly sharing of development costs between greater numbers of Funds. At that point LGSS will encourage those Funds to adopt this Administration Strategy so as to maximise the efficiency opportunities.~~

Procedures for liaison and communication with employers and other stakeholders

The delivery of a high quality administration service is not the responsibility of just the administering authority, but depends on the joint working of the administering authority with a number of individuals in different organisations to ensure scheme members, and other interested parties, receive the level of service in line with the Funds' objectives as well as ensuring that statutory requirements are met.

~~Agreements will be made with the Funds' key stakeholders so that service standards are explicit. Key stakeholders are:~~

- ~~• Employers and their payroll and other providers~~
- ~~• AVC providers~~
- ~~• Fund Actuaries~~
- ~~• Approved Independent Registered Medical Practitioners~~

In particular, the administering authority relies on employers ~~in providing~~to provide them with the appropriate information to maintain accurate records and pay accurate benefits. The Funds acknowledge that this is a partnership arrangement~~:-~~, underlined by strongly targeted performance measures, as shown below:

- ~~• Each Fund is committed to providing a service in line with the objectives outlined above. This will include:~~
 - Providing a named contact (and deputy) at the Fund for all employer communications and queries
 - Providing clear instructions and forms/interfaces to allow seamless transfer of information by employers
 - ~~Aim to provide~~Provide information ~~and services~~ within the performance standards outlined in this Strategy
 - Ensure all information provided is correct by having an appropriate quality review process in place
 - ~~Be helpful and courteous when dealing with all employers~~

~~•~~ • In return, the employers within each Fund are expected to:

- Provide a named contact (and deputy) at the employer for all Fund communications and queries. Where multiple contacts are provided (for different duties) name one person who is ultimately responsible for ensuring the employer carries out their roles and responsibilities.
- Provide information to the Fund as outlined in instructions using the Fund's approved forms and/or interfaces
- Aim to provide information within the performance standards outlined in this Strategy
- Ensure all information provided is correct by having appropriate quality review in place
- ~~○ Be helpful and courteous when dealing with the Fund~~
- ~~○ Provide feedback to the Fund on an ad-hoc basis, at performance review meetings or as part of consultations, e.g. around how services are delivered or about changes to the funding strategy.~~

Full details of the procedures for liaison and communication between the Funds and its stakeholders are included within the Funds' Communication Strategy ~~as included later in this document.~~

Performance Standards

~~The LGPS prescribes that certain decisions be taken by either the administering authority or the scheme employer, in relation to the rights and entitlements of individual scheme members. In order to meet the Funds' administration objectives as outlined above, and also to comply with overriding disclosure requirements, the Funds must ensure that appropriate standards are in place and being measured. These standards fall into two distinct areas; quality and timeliness.~~

Quality

The Funds will ensure that all functions/tasks are carried out to the agreed quality standards. ~~In this respect the standards~~ order ~~to be met are:~~

- ~~Compliance~~ comply ~~with relevant regulations including both the Regulatory requirements and the Local Government Pension Scheme Regulations, Pensions Acts, etc~~
- ~~Aiming~~ Funds objectives, LGSS aims ~~to achieve the Funds' agreed objectives and compliance with all Fund agreed strategies, policies and procedural guides~~
- ~~Ensuring appropriate checking of work by an appropriately qualified member of staff, in particular calculations of benefits~~
- ~~All payments information provided to be authorised by an agreed signatory and other designated duties to be carried out in line with internal Schemes of Delegation~~

Timeliness

~~Overriding legislation dictates minimum timescales that pension schemes should meet in providing certain pieces of information to the various parties associated with the scheme. The scheme itself sets out a number of requirements for the administering authority or scheme employers to provide information to each other, scheme members and prospective scheme members, dependants, other pension arrangements or other regulatory bodies. Locally agreed high quality administration service and timeliness of performance standards have been agreed which cover all aspects of the administration of the scheme, where appropriate going beyond the overriding legislative~~

~~requirements. Standards for the Funds are set out in Appendix C. Headline standards for Employers are set out in Appendix B. More detailed standards and, where necessary, improvement plans, Strong review of its performance measures will be set out in a Service Level Agreement between LGSS and each employer. determine this.~~

Procedures for ensuring compliance with statutory requirements and measuring levels of performance

Various means will be employed, as determined from time to time, to assist in monitoring compliance with this Administration Strategy. More detailed methods may be included in ~~the individual employer SLA.~~ a service level agreement (SLA) between an individual scheme employer and the respective administering authority (signed on behalf of the latter by LGSS Pensions).

Methods may include:

Internal/External Audit

- ~~The Funds will be subject to regular audits~~ review of their processes and internal controls. ~~Fund auditors may require employer auditors to carry out relevant checks e.g. of employee contribution collection.~~

Performance monitoring

- ~~The Funds will monitor their timeliness performance against specific~~ against LGSS tasks as outlined noted in Appendix C. ~~In addition, they may monitor employers against the employer requirements outlined in Appendix B and Service Level Agreements.~~
- ~~The Funds will monitor~~ Performance monitoring of the Employers against Appendix B and individual employer SLA's.
- Compare performance ~~regularly by benchmarking with~~ against other administering authorities Administering Authorities by using ~~the~~ CIPFA Pensions Benchmarking Club. club

The Funds may also put in place other measurements to determine how, or if, they are achieving the objectives of this Administration Strategy.

The Fund's Employer liaison

~~Employer liaison~~ function will take place as follows:

- ~~Performance information will be shared annually with each Fund employer.~~
- offer the following services; The opportunity for a biennial review meeting between a representative of the administering authority and the scheme employer to monitor and review performance against targets, the quality of information exchange and ensure compliance with statutory obligations ~~and review the SLA for the period until the next review meeting.~~
- ~~Where an employer is not delivering in accordance with an SLA a performance improvement plan will be agreed with appropriate liaison arrangements. This may be initiated outside of the biennial reviews where necessary.~~
- ~~The administering authority will run seminars~~ Seminars and training sessions. including webinars, on the most pertinent issues affecting Fund members and employers

- ~~An~~ Employer Pension ~~Forums~~Forum will be held, at least on an annual basis.
- ~~The administering authority will ensure an employer liaison helpdesk~~A Employer Helpdesk is available from ~~9 am~~9am to ~~5 pm~~5pm during normal working days to answer ~~one-off~~ queries by telephone or ~~Email~~. ~~The helpdesk may be available outside these hours.~~email.

Improving Administration

Using the means mentioned above, the Funds will monitor progress against this Administration Strategy. This information ~~will from time to time be~~is reported to the respective Funds' Pension ~~Fund Board where~~Committees and Pension Boards alongside any ~~ongoing~~remedial action ~~will be agreed.~~taken where the expected standards are not being met. In addition, key performance indicators relating to the Funds' ~~and their employers'~~ performance will be reported in their respective Annual Report and Accounts.

Circumstances where the administering authority may levy costs associated with the employing authorities poor performance

Regulation ~~43~~70 of the Local Government Pension Scheme ~~(Administration)~~ Regulations ~~2007~~2013 provides that an administering authority may recover from an employing authority any additional costs associated with the administration of the scheme incurred as a result of the poor level of performance of that employing authority. Where an administering authority wishes to recover any such additional costs they must give written notice stating:-

- ~~the~~The reasons in their opinion that the scheme employer's poor performance contributed to the additional cost;
- ~~the~~The amount of the additional cost incurred;
- ~~the~~The basis on how the additional cost was calculated; and
- ~~the~~The provisions of the pension administration strategy relevant to the decision to give notice.
- In instances where the performance of the scheme employer results in fines being levied against the administering authority by the Pension Regulator, Pensions Ombudsman or other regulatory body, these costs will be recoverable immediately.

Circumstances where costs might be recovered

It is ~~not~~ the policy of ~~either Cambridgeshire Pension Fund or Northamptonshire Pension~~the Fund to ~~move immediately to recovering~~recover additional costs incurred in the administration of the LGPS Scheme as a direct result of the ~~poor~~unsatisfactory level of performance of ~~the administering authority, any scheme employer or third party service provider.~~ ~~Instead, the Funds will seek, at the earliest opportunity, to work closely with employers in identifying any areas of~~

~~poor performance, provide the necessary training and development and put in place an improvement plan to improve the level of service delivery into the future.~~

~~Where persistent failure occurs and the improvement plan is not followed by a scheme employer. The circumstances where such additional administration costs will be recovered. In particular, this will only be pursued where the Fund has carried out the following steps~~

- ~~• Written to from the scheme employer, setting out area(s) of poor performance~~
- ~~• Met with the scheme employer, to discuss area(s) of poor performance and how these can be addressed and agreed an improvement plan but no or little improvement has been demonstrated~~
- ~~• The appropriate Pension Fund Board has agreed to reclaim administration costs following a report to them on the circumstances. Before making a decision the Pension Fund Board shall offer the employer the opportunity to make representations in person to the Board, or in writing if the employer so chooses, and to facilitate this will provide 21 days before the meeting a copy of the report to be considered by the Board~~

~~The circumstances where this might be necessary are:~~

- ~~• persistent failure to provide relevant information to the administering authority Fund, scheme member or other interested party in accordance with specified performance targets in this Administration Strategy (either as a result of timeliness of delivery or quality of information);~~
- ~~• failure to pass relevant information to the scheme member or potential members, either due to poor quality of information or not meeting the agreed timescales outlined in the performance targets; in this Administration Strategy~~
- ~~• failure to deduct and pay over correct employee and employer contributions to the Fund within the stated timescales;~~

~~Where the respective Pension Fund Board agrees costs should be reclaimed, the following sets out the steps we will take in dealing with poor Instances where the performance by a of the scheme employer:~~

- ~~• Issue formal written notice, where no improvement is demonstrated by results in fines being levied against the Fund by the scheme employer/Pension Regulator, Pensions Ombudsman or other regulatory body.~~
- ~~• Instances where an act or failure to take agreed action by the act by an employer results in an unauthorised payment under the Finance Act 2004 which results in the Fund being subject to a tax liability.~~
- ~~• Instances where an act or failure of a scheme employer, setting results in a benefit being incorrectly awarded and the subsequent overpayment is not able to be recovered from the scheme member.~~

~~The approach by the Fund when such instances occur is as follows:~~

- ~~1. Write to the employer noting the Fund's areas of concern regarding the employer's performance and offer training or a meeting to address the issue.~~

~~Note that some performance standards are expressed as a percentage less than 100%. This recognises that for certain, often high volume, work there may be legitimate reasons why 100% compliance with a target is not possible. For~~

these categories the target is measured monthly in order to highlight areas of potential concern.

- 2a. If no improvement is made within one month of the above date, or where the matter in question is not a regular event and no improvement is made at the next occasion that that same matter occurs, and the offer of training or a meeting has not been accepted, the Fund will issue a formal written notice. The notice will set out the area(s) of poor performance concern that have been identified, the steps taken to resolve those area(s) and notice that the additional costs will now be reclaimed.

Clearly **OR**

- 2b. If no improvements is made from one month following either a training session or a meeting with the Employer, or where the matter in question is not a regular event and no improvement is made at the next occasion that that matter occurs following the training or meeting, the Fund will issue a formal written notice. The notice will set out the area(s) of concern that have been identified, the steps taken to resolve those area(s) and notice that the additional costs will now be reclaimed.

- 3. An invoice will then be issued to the scheme employer which sets out calculations of any loss resulting to the Fund or administering authority, or additional cost, taking account of time and resources in resolving the specific area(s) of unsatisfactory performance, in accordance with the fee scale set out in this document.

- 4. All instances of additional costs recharges will be presented to the Pension Fund Committee and Local Pension Board.

▪ All communications will be directed to our most senior contact within a scheme employer organisation from the beginning of this process. In the case of poor performance, including any fines levied against the administering authority by the Pension Regulator, Pensions Ombudsman or other regulatory body resulting from the employer's poor performance; and a third party HR/payroll supplier, the relevant scheme employer will be informed of action being taken from the outset of the process.

- ~~Make claim against the scheme employer, setting out reasons for doing so, in accordance with the Regulations.~~

3. Communications Strategy

~~This Communications Strategy is effective from 1 August 2011. It~~ **Any costs recovered will be reviewed annually to ensure the strategic objectives remain relevant.**

~~A separate Communication Plan is published and reviewed annually. This outlines how we intend to deliver this strategy, including how we achieve our objectives, the measurements we have in place to monitor our success and a timetable of events.~~

Regulatory framework

This Statement has been produced in accordance with Regulation 106B of the Local Government Pension Scheme Regulations 1997 and Regulation 67 of the Local Government Pension Scheme (Administration) Regulations 2008. The Regulations requires Administering Authorities to:

- ~~Prepare, maintain and publish a written Statement setting out their policy concerning communications with:~~
 - ~~○ members~~
 - ~~○ representatives of members~~
 - ~~○ prospective members~~
 - ~~○ employing authorities~~
- ~~Set out our policy on:~~
 - ~~○ the provision of information and publicity about the Scheme to members, representatives of members and employing authorities~~
 - ~~○ the format, frequency and method of distributing such information or publicity~~
 - ~~○ the promotion of the Scheme to prospective members and their Employing Authorities.~~
- ~~Keep the Statement under review and make such revisions as are appropriate following a material change in the policy on any of the matters mentioned below and if revisions are made, publish a revised statement.~~

Key objectives

~~The communications of Cambridgeshire~~**paid into the respective Pension Fund** and Northamptonshire Pension Fund will be delivered in line with these objectives. We aim to:**to reduce the administration cost to all scheme employers in the Fund.**

- ~~Promote the Scheme as a valuable benefit~~
- ~~Deliver a clear and consistent message, that is simple, relevant, has impact, uses plain English throughout and engages all levels of stakeholders understanding~~
- ~~Provide clear information about the Scheme, including changes to the Scheme, and educate and engage with members so that they can make informed decisions about their benefits~~
- ~~Seek and review regular feedback from all stakeholders about communication and shape future communications appropriately~~
- ~~Look for efficiencies in delivering communications including through greater use of technology~~

Stakeholders of the fund

~~There~~**illustrative additional administration costs**

Based on the Fund's experience of dealing with late or inaccurate information, we have been able make accurate estimates of the amount of additional resource required in order to remedy the problems this causes. The costs below reflect the additional resource required to chase information and correct inaccurate data. They also reflect the fact that having to re-run calculations multiple times as a result of poor data presents an opportunity cost as staff would be otherwise more productively engaged.

Note that any further costs incurred as the result of non-payment of invoiced additional costs will also be passed on to the relevant scheme employer.

~~As such the fees shown below are several categories of stakeholder as detailed below.~~

- ~~• Active Scheme members~~
- ~~• Prospective Scheme members~~
- ~~• Deferred Scheme members~~
- ~~• Retired illustrative and Dependant Scheme members~~
- ~~• Scheme Employers~~
- ~~• Fund staff~~
- ~~• Pension Fund Committee~~
- ~~• External bodies~~
 - ~~○ Her Majesty's Revenue & Customs (HMRC)~~
 - ~~○ Department for Communities and Local Government (DCLG)~~
 - ~~○ National Fraud Initiative~~

Confidentiality

~~The fund is registered under the Data Protection Act 1998 as part of Cambridgeshire County Council and Northamptonshire County Council. Information on members and organisations is treated with respect by all our staff.~~

Disclosure

~~Each Fund may, be higher (or lower) if it chooses, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund, for example, the Fund's AVC providers.~~

Equality

~~Our communications are tailored to the individual needs of our stakeholders. We will make every effort to provide communications to our stakeholders in their preferred language or format on request. Circumstances are atypical.~~

Freedom of information

~~This Communications Strategy identifies the classes of information that each Fund publishes or intends to publish in compliance with the Freedom of Information Act. Anyone has a right under the Freedom of Information Act to request any information held by the Fund which is not already made available. Requests should be made in writing to the Head of Pensions at the address at the end of this document. A fee may be charged and the Fund reserves the right to refuse a request if the cost of providing the information is disproportionately high; if following prompting the request is unclear; and when the requests are vexatious or repeated.~~

Employer Scheme function		Illustrative charge
Administration process	Description	
<u>Monthly contribution pay over</u>	<p><u>Late payment of employee, employer and additional pension contributions (APC/ARC/Added years) to the Fund by the 19th of the month following deduction</u></p> <p><u>No schedule of payments sent and received by the Fund</u></p>	<p><u>£80 if no interest charge</u></p> <p><u>Additional £100 if interest charges need to be calculated</u></p> <p><u>Interest payable at prevailing rate if payment more than XX days late</u></p> <p><u>£80</u></p>
<u>New active member</u>	<p><u>Scheme employer has not notified the Fund within 10 working days of the relevant calendar month end</u></p>	<p><u>£50 per notification</u></p> <p><u>A further £30 for each month the notification is outstanding</u></p>
<u>Leavers (non-retirement)</u>	<p><u>Scheme employer has not notified the Fund of any leaver.</u></p> <p><u>The late or non-provision of a leaver form.</u></p> <p><u>Poor data detailed on the form, in particular inaccurate pay details.</u></p>	<p><u>£50 per notification</u></p> <p><u>A further £30 for each month the notification is outstanding</u></p>
<u>Retirement</u>	<p><u>Scheme employer has not notified LGSS that a member is due to retire within 10 working days before date of leaving.</u></p> <p><u>Non-provision of retirement form, poor data detailed on the form – particularly inaccurate pay details.</u></p>	<p><u>£160 per notification</u></p> <p><u>A further £80 for each month the notification remains outstanding</u></p> <p><u>These higher rates reflect the fact the retiree will be chasing LGSS Pensions for their pension</u></p>
<u>Year End data</u>	<p><u>Scheme employer has not provided year end data by the 30th April and/or quality of data provided is poor and requires LGSS manual</u></p>	<p><u>£400 per data file</u></p> <p><u>A further £200 per month the data is outstanding</u></p>

	<u>intervention and additional data cleansing.</u>	
<u>Year End data queries</u>	<u>Scheme employer has not responded to LGSS queries regarding submitted year end data within 10 working days of this request or the response has been unsatisfactory and queries remain outstanding</u>	<u>£100 per omission</u> <u>A further £60 per month of non-response or unsatisfactory replies</u>

Further information

If you would like more information about the Scheme please contact us at the address below.

Cambridgeshire Pension Fund	Northamptonshire Pension Fund
RES1103	PO Box 202
Cambridgeshire County Council	John Dryden House
Shire Hall	8-10 The Lakes
Cambridge	Northampton
CB3 0AP	NN4 7YD
01223 715445	01604 236527

pensions@cambridgeshire.gov.uk	pensions@northamptonshire.gov.uk
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http://pensions.cambridgeshire.gov.uk	http://pensions.northamptonshire.gov.uk
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LGSS Pensions

One Angel Square

Angel Street

Northampton

NN1 1ED

pensions@northamptonshire.gov.uk

<http://pensions.cambridgeshire.gov.uk/>

<http://pensions.northamptonshire.gov.uk/>



3. Appendix A – Whole Fund Administration Performance Standards

The following are key indicators where the target can only be achieved by the Administering Authority and Employing Authorities both delivering high levels of administration.

Function / Task	Indicator	March 2013 Target	Target Achievement
Notify leavers of deferred benefit entitlements	Deferred award letter sent within 40 working days of last day of employment.	90%	
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%	

Appendix B –Employer Performance Standards

The following are the performance targets that the Employer will be expected to meet.

Function/Task	Indicator	Target
Confirm nominated representatives	Representative confirmed within 30 working days of employer joining fund or change to nominated representative	100%
Arrange for the correct deduction of employee and employer contributions and pay contributions to Pension Fund <u>OVER</u> in a timely manner, providing an associated statement/schedule in a format acceptable to the Administering Authority <u>for both</u> monthly <u>and annual returns.</u>	Number of months in the year where contributions were in the Pension Fund by the 19 th calendar day of month after deduction and statement/schedule was received by the same date as payment	100%
<u>Upon receipt of a notification from an Additional Voluntary Contribution (AVC) provider of an employee's election to pay, vary the amount or cease AVCs (or Shared Cost AVCs where applicable), to apply the notification accordingly and where applicable deduct from a member's pay the contributions as instructed by the AVC provider.</u>	<u>Within 1 month of receipt of notification from the AVC provider</u>	<u>100%</u>
<u>Pay over to the specified AVC provider contributions deducted from a member's pay.</u>	<u>Within 7 days of deduction from pay</u>	<u>100%</u>
<u>Upon receipt of a notification from LGSS Pensions of an employee's election to pay Additional Regular Contributions, to apply the notification accordingly and where applicable deduct from a member's pay and pay over to LGSS</u>	<u>Within 1 month of notification from LGSS Pensions</u>	<u>100%</u>

Function/Task	Indicator	Target
<u>Pensions, the contributions as instructed by LGSS Pensions.</u>		
<u>Respond to enquiries from LGSS Pensions in respect of retirements, estimates or any other query identified as urgent.</u>	<u>Response received within 5 working days from receipt of enquiry.</u>	<u>100%</u>
<u>Respond to enquires from the LGSS Pensions in respect of those queries deemed as non urgent</u>	<u>Response received within 10 working days from receipt of enquiry.</u>	<u>95%</u>
<u>Provide new employees with scheme information</u>	<u>Within the automatic enrolment joining window.</u>	<u>100%</u>
<u>Determine appropriate rate of employee contributions for new scheme members in the LGPS</u>	<u>Decisions made by time of first salary payment.</u>	<u>100%</u>
<u>Provide LGSS Pensions with all necessary information regarding new starters and hours/weeks per year variations.</u>	<u>Within 10 working days of the relevant calendar month end</u>	<u>95%</u>
<u>Determine reason for leaving and Final pay, issue entitlement award to member and leavers certificate to LGSS Pensions for leavers NOT entitled to immediate payment of pension.</u>	<u>Certificate received within 15 working days of date of leaving</u>	<u>95%</u>
<u>Determine reason for leaving and Final pay, issue entitlement award and retirement pack to member and leavers certificate to LGSS Pensions for retirees entitled to immediate payment of pension.</u>	<u>Certificate received at least 10 working days before date of leaving.</u>	<u>95%</u>
<u>Provide LGSS Pensions with accurate year end information in prescribed format</u>	<u>Information to be provided for all members by 30 April following contribution year end</u>	<u>100%</u>
<u>Must have published Employer Discretions, accessible by all employees and copy provided to LGSS Pensions.</u>	<u>Discretions published and provided to LGSS Pensions within 30 days of approval</u>	<u>100%</u>

Function/Task	Indicator	Target
<u>Discretions must be reviewed and amended as necessary</u>	<u>Any amendments to discretion must be confirmed in writing within 30 days from change</u>	<u>100%</u>

Function/Task	Indicator	Target
Upon receipt of a notification from an Additional Voluntary Contribution (AVC) provider of an employee's election to pay, vary the amount or cease AVCs (or Shared Cost AVCs where applicable), to apply the notification accordingly and where applicable deduct from a member's pay the contributions as instructed by the AVC provider.	Within 1 month of receipt of notification from the AVC provider	100%
Pay over to the specified AVC provider contributions deducted from a member's pay.	Within 7 days of deduction from pay	100%
Upon receipt of a notification from the LGSS Pensions Service of an employee's election to pay Additional Regular Contributions, to apply the notification accordingly and where applicable deduct from a member's pay and pay over to the LGSS Pensions Service, the contributions as instructed by LGSS Pensions Service.	Within 1 month of notification from LGSS Pensions Service	100%
Provide LGSS Pension Service with accurate year end information in prescribed format	Accurate year end information to be provided for all Scheme members by 30 April following contribution year end	100%

Respond to enquiries from LGSS Pensions Service in respect of retirements, estimates or any other query identified as urgent.	Response received within 5 working days from receipt of enquiry.	100%
Respond to enquires from the LGSS Pensions Service in respect of those queries deemed as non-urgent	Response received within 10 working days from receipt of enquiry.	95%
Provide new employees with scheme information	Within the automatic enrolment joining window.	100%
Function/Task	Indicator	Target
Determine appropriate rate of employee contributions for new scheme members in the LGPS	Decisions made by time of first salary payment.	100%
Provide LGSS Pensions Service with all necessary information regarding new starters and hours/weeks per year variations in a format acceptable to Administering Authority	Accurate information provided within 10 working days of the relevant calendar month end or within 30 days of commencement/change if earlier where employer automatic enrolment duties apply	95%
Determine reason for leaving and Final pay, issue entitlement award to member and leavers certificate to LGSS Pensions Services for leavers NOT entitled to immediate payment of pension.	Certificate received within 15 working days of date of leaving	95%
Determine reason for leaving and Final pay, issue entitlement award and retirement pack to member and leavers certificate to LGSS Pensions Service for retirees entitled to immediate payment of pension.	Certificate received at least 10 working days <u>before</u> date of leaving.	95%
Must have published Employer Discretions, accessible by all employees and copy provided to LGSS Pensions Service.	Discretions published and provided to LGSS Pensions Service within 30 days of approval	100%

Discretions must be reviewed and amended as necessary	Any amendments to discretion must be confirmed in writing within 30 days from change	100%
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Appendix C – LGSS Pensions ~~Service~~ Performance Standards

The following are the headline performance targets that LGSS Pensions Service will be expected to meet.

Function / Task	Indicator	March 2013 Target	Target Achievement
LIAISON AND COMMUNICATION			
Confirm nominated employer liaison officer	10 working days of employer joining fund or change to nominated officer	100%	
Publish and keep under review the administration strategy.	Within three months of decision to develop an administration strategy or one month of any changes being agreed with scheme employers	100%	
Keep up to date the employer website, including procedural guides, scheme guide and all other documents and forms	20 working days from date of change/amendment	100%	
Formulate and publish policies in relation to all areas where the Administering Authority may exercise a discretion within the scheme	Within 30 working days of policy being agreed by the Pension Fund Board <u>Pensions Committee</u>	100%	

Function / Task	Indicator	March 2013 Target	Target Achievement
Organise bespoke training sessions for Scheme employers, subject to fair use of training resource	Training date agreed with employer within one month of request	100%	
Notify the employer and scheme members of changes to the scheme rules	Within one month of the LGSS Pensions Services being informed of the change	95%	
Notify the employer of any issues relating to its poor performance (including arranging meeting if required)	Within 20 working days of performance issue becoming apparent	90%	
Notify the employer of decisions to recover additional <u>any</u> costs <u>recoverable under this Strategy</u> associated with their poor performance (including any interest that may be due)	Within 10 <u>20</u> working days of the decision of the Pension Fund Board event	100%	
<u>Issue annual benefit statements to active members as at 31 March each year</u>	<u>By the following 30 September (pending timely receipt of satisfactory year end data from the scheme employer)</u>	<u>100%</u>	
<u>Issue annual benefit statements to deferred benefit members as at 31 March each year for those which we have an up to date address</u>	<u>By the following 30 June</u>	<u>100%</u>	
<u>FUND ADMINISTRATION</u>			
<u>Issue formal valuation results (including individual employer details)</u>	<u>20 working days from receipt of results from Fund Actuary (but in any event no later than 31 March following the valuation date)</u>	<u>100%</u>	
<u>Carry out cessation valuation exercise on cessation of admission agreements or employer ceasing participation in the Pension Fund</u>	<u>Initiated within 40 days with Fund Actuary plus results issued to employer within 2 months of clean data</u>	<u>100%</u>	

Function / Task	Indicator	March 2013 Target	Target Achievement
<u>Publish, and keep under review, the Administering Authority's governance policy statement</u>	<u>Within 30 working days of policy being agreed by the Pensions Committee</u>	<u>100%</u>	
<u>Publish and keep under review the Pension Fund's funding strategy statement</u>	<u>To be reviewed at each triennial valuation, following consultation with scheme employers and the Fund's Actuary. Revised statement to be issued with the final valuation report</u>	<u>100%</u>	
<u>Publish the Pension Fund annual report and any report from the auditor</u>	<u>By 31 August following the year end</u>	<u>100%</u>	
<u>Provide an FRS17/IAS19 report to employers for their chosen accounting date</u>	<u>Within one month of the accounting date providing employer has agreed to costs and returned required data to LGSS Pensions by 1st of the month in which the accounting date falls</u>	<u>100%</u>	
SCHEME ADMINISTRATION			
<u>Provide transfer-in quote to scheme member</u>	<u>Letter issued within 10 working days of receipt of all appropriate information</u>	<u>95%</u>	
<u>Confirm transfer-in payment and service credited to scheme member</u>	<u>Letter issued within 10 working days of receipt of transfer payment by Pension Fund (or receipt of all information needed to complete calculations if later)</u>	<u>90%</u>	

Function / Task	Indicator	March 2013 Target	Target Achievement
<u>Notify the employer of scheme member's election to pay or cease paying additional regular contributions and other contracts, including all required information to enable deductions to commence or finish.</u>	<u>Email sent within 5 working days of receipt of election from scheme member</u>	<u>95%</u>	
<u>Calculate cost of additional regular contributions, and notify scheme member</u>	<u>Letter sent within 10 working days of receipt of request from scheme member</u>	<u>90%</u>	
<u>Provide requested estimates of benefits to employers including any additional fund costs in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency</u>	<u>Estimate in agreed format provided within 10 working days from receipt of all information</u>	<u>90%</u>	
<u>Provide a maximum of one estimate of benefits to employees per year on request.</u>	<u>Estimate in agreed format provided within 10 working days from receipt of all information</u>	<u>90%</u>	
<u>Provide a maximum of one cash equivalent transfer value (CETV) to employees per year on request</u>	<u>Provided within 10 working days from receipt of all information</u>	<u>90%</u>	
<u>Provide a divorce quotation to employees on request</u>	<u>Provided within 10 working days from receipt of all information</u>	<u>90%</u>	
<u>Notify leavers of deferred benefit entitlements or concurrent amalgamation.</u>	<u>Notification issued within 15 working days of receiving all necessary information.</u>	<u>90%</u>	

Function / Task	Indicator	March 2013 Target	Target Achievement
<u>Notify employees retiring from active membership of benefits award.</u>	<u>Issue award within 5 working days after payable date or date of receiving all necessary information if later.</u>	<u>95%</u>	
<u>Payment of ongoing pension (not including the first pension payment).</u>	<u>Eligible payments made on the publicised payment date.</u>	<u>100%</u>	
<u>Acknowledge death of active/deferred/pensioner member.</u>	<u>Letter issued within 5 working days following notification of death</u>	<u>100%</u>	
<u>Award dependent benefits.</u>	<u>Issue award within 5 working days of receiving all necessary information.</u>	<u>95%</u>	
<u>Provide responses to other enquiries from scheme members, scheme employers, personal representatives, dependents and other authorised persons</u>	<u>Full response within 5 working days from receipt of all information needed to respond to enquiry</u>	<u>90%</u>	
<u>Where a full response will not be available within the published service standards send an acknowledgement and provide the expected timescale.</u>	<u>Acknowledgement within 5 working days from receipt of initial enquiry</u>	<u>100%</u>	
<u>Appoint stage 2 “appointed person” for the purposes of the pension dispute process and notify all scheme employers of the appointment</u>	<u>Within 30 working days following the resignation of the current “appointed person”</u>	<u>100%</u>	
<u>Process all stage 2 pension dispute applications</u>	<u>Within two months of receipt of the application, or such longer time as is required to process the application where further information or clarification is required.</u>	<u>100%</u>	

Function / Task	Indicator	March 2013 Target	Target Achievement
<u>Publish and keep under review the Pension Fund policy on the abatement of pension on re-employment</u>	<u>Notify scheme members and scheme employers within one month of any changes or revisions to the policy</u>	100%	

Function / Task	Indicator	March 2013 Target	Target Achievement
Issue annual benefit statements to active members as at 31 March each year	By the following 30 September (pending timely receipt of satisfactory year-end data from the scheme employer)	100%	
Issue annual benefit statements to deferred benefit members as at 31 March each year for those which we have an up-to-date address	By the following 30 June	100%	
FUND ADMINISTRATION			
Issue formal valuation results (including individual employer details)	20 working days from receipt of results from Fund Actuary (but in any event no later than 31 March following the valuation date)	100%	
Carry out cessation valuation exercise on cessation of admission agreements or employer ceasing participation in the Cambridgeshire Pension Fund or Northamptonshire Pension Fund	Initiated within 40 days with Fund Actuary plus results issued to employer within 2 months of clean data	100%	
Publish, and keep under review, the Administering Authority's governance policy statement	Within 30 working days of policy being agreed by the relevant Pension Fund Board	100%	

Publish and keep under review the Pension Fund's funding strategy statement	To be reviewed at each triennial valuation, following consultation with scheme employers and the Fund's Actuary. Revised statement to be issued with the final valuation report	100%	
Publish the Pension Fund annual report and any report from the auditor	By 31 August following the year end	100%	

Function / Task	Indicator	March 2013 Target	Target Achievement
Provide an FRS17/IAS19 report to employers for their chosen accounting date	Within one month of the 31 March, 31 July or 31 August accounting date, providing employer has returned required data to LGSS Pensions Service by the 1 st of the month in which the accounting date falls	100%	
SCHEME ADMINISTRATION			
Provide transfer in quote to scheme member	Letter issued within 10 working days of receipt of all appropriate information	95%	
Confirm transfer in payment and service credited to scheme member	Letter issued within 10 working days of receipt of transfer payment by Pension Fund (or receipt of all information needed to complete calculations if later)	90%	
Notify the employer of scheme member's election to pay or cease paying additional regular contributions and other contracts, including all required information to enable deductions to commence or finish.	Email sent within 5 working days of receipt of election from scheme member	95%	

Calculate cost of additional regular contributions, and notify scheme member	Letter sent within 10 working days of receipt of request from scheme member	90%	
Provide requested estimates of benefits to employers including any additional fund costs in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency	Estimate in agreed format provided within 10 working days from receipt of all information	90%	

Function / Task	Indicator	March 2013 Target	Target Achievement
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%	
Provide a maximum of one cash equivalent transfer value (CETV) to employees per year on request	Provided within 10 working days from receipt of all information	90%	
Provide a divorce quotation to employees on request	Provided within 10 working days from receipt of all information	90%	
Notify leavers of deferred benefit entitlements or concurrent amalgamation.	Notification issued within 15 working days of receiving all necessary information.	90%	
Notify employees retiring from active membership of benefits award.	Issue award within 5 working days after payable date or date of receiving all necessary information if later.	95%	
Payment of ongoing pension (not including the first pension payment).	Eligible payments made on the publicised payment date.	100%	
Acknowledge death of active/deferred/pensioner member.	Letter issued within 5 working days following notification of death	100%	

Award dependent benefits.	Issue award within 5 working days of receiving all necessary information.	95%	
Provide responses to other enquiries from scheme members, scheme employers, personal representatives, dependents and other authorised persons	Full response within 5 working days from receipt of all information needed to respond to enquiry	90%	
Where a full response will not be available within the published service standards send an acknowledgement and provide the expected timescale.	Acknowledgement within 5 working days from receipt of initial enquiry	100%	
Function / Task	Indicator	March 2013 Target	Target Achievement
Appoint stage 2 "appointed person" for the purposes of the pension dispute process and notify all scheme employers of the appointment	Within 30 working days following the resignation of the current "appointed person"	100%	
Process all stage 2 pension dispute applications	Within two months of receipt of the application, or such longer time as is required to process the application where further information or clarification is required.	100%	
Publish and keep under review the Pension Fund policy on the abatement of pension on reemployment	Notify scheme members and scheme employers within one month of any changes or revisions to the policy	100%	