

# PENSION FUND COMMITTEE



**Date: Thursday, 13 December 2018**

**Democratic and Members' Services**

Fiona McMillan

Monitoring Officer

**14:00hr**

Shire Hall

Castle Hill

Cambridge

CB3 0AP

**Room 128**

**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>
- 2a) **Public Minutes Pension Fund Committee 18th October 2018** **5 - 16**
- 2b) **Action Log for meeting on 13 December 2018** **17 - 20**
3. **Annual Business Plan Update Report 2018-19** **21 - 34**
4. **Administration Performance Report** **35 - 44**
5. **Exclusion of Press and Public on confidential appendix**  
To resolve to exclude the press and public from the meeting should there be a need to discuss the detail in the confidential appendix 2 under item 4 on the grounds that it contains exempt information under paragraph 1 and 3 of Part 1 of schedule 12A of page 1 of 326 of the Local Government Act 1972 as amended, and that it would not be in the public interest for this information to be disclosed relating to information relating to the financial or business affairs of any particular person (including the authority holding the information)

- |            |   |                  |
|------------|---|------------------|
| <b>6.</b>  | <b>Governance and Compliance Report</b>   | <b>45 - 58</b>   |
| <b>7.</b>  | <b>Training Strategy 2018</b>   | <b>59 - 94</b>   |
| <b>8.</b>  | <b>Data Improvement Plan Progress Report</b>  | <b>95 - 102</b>  |
| <b>9.</b>  | <b>Administering Authority Discretions Policy</b>   | <b>103 - 122</b> |
| <b>10.</b> | <b>Update on the Valuation of the Fund</b>  | <b>123 - 128</b> |
| <b>11.</b> | <b>Employers Admissions and Cessations Report</b>   | <b>129 - 144</b> |
| <b>12.</b> | <b>Exclusion of Press and Public</b>  |                  |
|            | <i>To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraphs 1 &amp; 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)</i> |                  |
| <b>13.</b> | <b>ACCESS Asset Pooling Update Report</b>   |                  |
|            | <ul style="list-style-type: none"> <li>• Information relating to the financial or business affairs of any particular person (including the authority holding that information);</li> </ul>  |                  |
| <b>14.</b> | <b>Date of Next Meeting 28th March 2019</b>   |                  |
| <b>15.</b> | <b>Further scheduled meeting</b>  |                  |

The Pension Fund Committee comprises the following members:

Mr Matthew Pink Councillor Richard Robertson 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*

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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/ProcedureRules>.

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## MINUTES OF THE PENSION FUND COMMITTEE

Date: Thursday 18<sup>th</sup> October 2018

Time: 10:00-12.45 pm

Place: Room 128, Shire Hall, Cambridge

### Committee Members

present: County Councillors D Ambrose Smith (substituting for Cllr Hickford), P Downes, A Hay, R Robertson, T Rogers (Chairman), M Pink and M Shellens; L Brennan and J Walker

Officers: C Blose, S Heywood, R Sanderson, T Pegram, J Walton and M Whitby

Advisor: G Nathan

Observer: Cllr S King

Apologies: Cllrs R Hickford (Vice-Chairman), J Schumann and D Seaton,

## 85. DECLARATIONS OF INTEREST

John Walker declared a personal interest (i) as a retired member of the Local Government Pension Scheme (LGPS), (ii) his daughter-in-law was a current member of the LGPS and (ii) his son was a deferred Member of the LGPS.

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

Councillor R Robertson declared a personal interest as his wife was in receipt of a small pension.

## 86. MINUTES AND ACTION LOG OF THE PENSION FUND COMMITTEE MEETING HELD ON 26<sup>th</sup> JULY 2018

The minutes of the Pension Fund Committee meeting held on 26<sup>TH</sup> July 2018 were approved as a correct record and were signed by the Chairman.

The following item was noted under the Action Log:

Item no. 82 - The Annual Review of the Fund Investment Managers - the request to include a column in the manager summary table comparing the Mercer rating and opinion for the previous year had been noted and would be included in future reports. **Action: Paul Tysoe**

The Committee noted the Action Log.

## 87. PENSION FUND ANNUAL BUSINESS PLAN UPDATE

This report presented an update of the Pension Fund Business Plan.

Attention was drawn to:

- Paragraph 2.1.3 'Implement Additional Posts to the Structure' which indicated that an oral update would be provided to advise the outcome of the Data Quality Officer interviews and the progress in establishing the Communications Officer Post. In terms of the Data Quality post, interviews had taken place with two candidates, but neither had been considered suitable. As a result, a different approach was to be looked at, including approaching other Pension Funds through the Local Government Association. The Communications Officer recruitment process was still ongoing.
- Paragraph 2.2.1 Legal Services Procurement - It was explained that the Fund needed to procure its own supplier of Legal Services that had a specialism in pensions and investment law using the national LGPS Framework for Legal Services. As it was due to expire in January 2019, the Committee was recommended to delay the activity until the New Framework had been refreshed in order to allow the Fund to take advantage of revised and more beneficial terms and conditions from updated potential suppliers.
- Paragraph 2.2.3 GC8 - Guaranteed Minimum Pension Reconciliation / Rectification – Her Majesty's Revenues and Customs (HMRC) were until 31<sup>st</sup> December 2018 operating a reconciliation service for schemes to query and amend data held in order to comply with requirements following the end of contracting out. This required all pension schemes to reconcile their scheme members' contracted out liability against that recorded by HMRC. The deadline for queries requiring a second review by HMRC was 31<sup>st</sup> October.

Arising from the report:

- Questioning why there were not many targets, numbers or dates on the Business Plan update. It was explained that this was a high level update reviewing milestones and it had not been the intention to go into that level of detail.
- One Member, following up on the above, suggested that a Business Plan should include basic targets and key performance Indicators (KPI's). In reply it was explained that KPI's were not used in respect of projects, but that progress against project objectives was reported and would continue to be undertaken on a quarterly basis.
- It was suggested, and this was supported by the Committee, **that future updates should be more specific to include what action was required, the current update position (where we are) and the end date for the project** Action: J Walton
- With reference to GC9 – Pensioner administration v pensioner payroll records rectification - The retired Members Union representative highlighted two cases of large overpayments which had been brought to his attention, one going back to 2011-12, which were causing hardship in terms of paying back the overpayment. He wanted to ensure it was not a growing trend and queried why they had not been spotted earlier and whether the current

systems were adequate. The Member was reminded that the Policy as agreed by the Committee was to seek repayment with LGSS entitled to recoup the sums involved. In the two cases referred to, the members had been offered an extension of the repayment periods. While accepting that in the past reconciliations had not happened in Cambridgeshire, GC9 was all about the rectification exercise which had begun following the migration of the pensioner payroll to the Altair payroll in 2016 to ensure overpayments did not occur. **Action: There was a request to the officers to respond in an e-mail to the specific cases quoted by John Walker and provide more information on the rectification being undertaken.**

Having commented, it was resolved unanimously:

- 1) To Note the Pension Fund Business Plan update for the first meeting of the 2018-19 financial year.
- 2) To approve the delay in the procurement of Legal Services until January 2019 as set out in paragraph 2.2.1 of the report.

## **88. ADMINISTRATION PERFORMANCE REPORT**

This report set out a number of the key areas of administration performance for consideration by the Committee to help ensure effective and efficient governance and administration of the Pension Fund.

In discussion:

- Appendix 1 page 33 the two figures in the estimate and forecast totals were both showing as minus figures.
- A member asked if benchmarking was available to assess administration performance with other funds. It was explained that this Committee had previously rejected The Chartered Institute of Public Finance and Accountancy (CIPFA) benchmarking of performance, and only wished to be informed if the Fund performance deviated to a large extent to the performance of other Funds. The Fund was however still part of the CIPFA Benchmarking club with CIPFA undertaking a benchmarking review on an annual basis This was due to be published in November with Cambridgeshire's data having already been submitted. The Fund was within the average cost bracket for Funds. **There was a request for the CIPFA return information to be sent to the Committee. Action: Jo Walton**

The report was noted.

## **89. 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 three items of business on the grounds that they contain 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.

## **90. HYMANS ROBERTSON EMPLOYER ASSETS TRACKER (HEAT)**

This report presented the Committee with information regarding the Hymans Robertson Proprietary Employer Assets Tracker system (HEAT) already purchased by Northamptonshire Pension Fund. The system enabled the monthly tracking of Fund assets at the scheme employer level, providing live asset information. It was also able to base assets on different investment scenarios. This compared to the current position where assets determination allocated to each scheme employer was only undertaken at the triennial valuation with no monthly or even annual tracking being undertaken on employer accounts. The projected asset share became less and less accurate the further it moved from the triennial valuation. Feedback from Employers was that this was unsatisfactory.

In discussion:

- It was suggested that a table showing the final cost figures would have been helpful, rather than having to extract them from various paragraphs of text.
- A question was raised on how a multi investment strategy approach would affect the investment strategies of individual employers in the context of asset pooling. In reply, individual funds currently took their own decisions on investments, the Pool was there to make strategies available to help deliver them / help model them to a Fund's requirements.
- In reply to a question raised on whether HEAT was used by other authorities, the answer was yes, but the majority were at Stage 1, with only one at Stage 2.

In order that the Committee could discuss the matter further and make a decision on the recommendations Geoff Nathan (Actuarial Department Hymans Robertson) withdrew from the meeting.

A further issue clarified, was that the Pension Fund would be tied to the actuarial contract for two valuation cycles – six years giving the product a reasonable minimum life - if it was agreed to purchase HEAT, after which time the market for the actuarial contract could be tested for other provider products.

It was resolved by six votes in favour with two abstentions

To approve the purchase and implementation of HEAT.

## **91. OUTLINE OF FUND VALUATION PROCESS**

The report and the tabled presentation Appendix 3 titled 'Actuarial Valuation and Funding Strategy Statement Updates' provided the Committee with both an overview of the presentation to be delivered by the Scheme Actuary and an outline of the process for the 2019 Cambridgeshire Pension Fund Valuation.



The report sought approval to consult on amendments to the Funding Strategy Statement following changes to Scheme Regulations and the key time lines when approvals would be required. The existing Funding Strategy Statement 2016 was attached as Appendix 1 Page 53-98 with the Updated 'Funding Strategy Statement October 2018' set out at Appendix 2 starting on page 99 to 144.

It was highlighted that one of the main changes was in respect of exit credits to employers. Previously where there was a surplus in Employer payments compared to their individual liabilities, the Fund retained it (while if the Employer contributions was in deficit, at exit they needed to pay it back). The latter still applied, but any credits accrued had to be returned to the Employer within three months. This arrangement had shifted the risk to the Fund, as while there were always the funds to pay for any surplus identified, if there was a deficit, there was no certainty of recovering the monies owed. The way to deal with this would be by way of a risk sharing approach. The amendment required to the Policy was shown on page 118.

Issues raised in discussion included:

- With reference to D5 'How is each employer's assets share calculated' on page 91 and the statement reading "the Administering Authority does not account for each employer's assets separately, instead the Fund's actuary is required to apportion the assets of the whole Fund between the employers, at each triennial review". A question was raised on what was involved in identifying the gap between assets and liabilities in order to make judgements on employers' contributions? It was explained that two exercises were undertaken, with the opening position on funding levels looking at one set of assumptions, and then as a second stage, projecting forward to a point in the future, to check if there were sufficient assets to cover expected liabilities. This was then undertaken for each employer as a check on the necessary contribution required. While the overall funding level was important, more important was the future contribution rates.
- A question was raised on how the Fund calculated increasing variables such as: fewer employees; the probability that a Council will collapse within 2-3 years and assumptions on longevity. In reply in terms of longevity this was levelling off in some areas as a result of increased obesity. The valuation looked at the long term as opposed to short term financial volatility, with each type of asset investment having different projections.
- Page 60 Paragraph 2.5 second paragraph last line reading: "The amount of deficit or shortfall is the difference between the asset value and the liabilities value". A Member highlighted that he believed the word 'shortfall' in the sentence should be replaced by the word 'surplus'.
- Some Members suggested that the updated Strategy at Appendix 2 should have included side bars / or clear identification of the changes within the document (e.g. insertions bold, deletions shown as strikethrough) showing the track changes. This was agreed as required for future update documents. **Action Mark Whitby / Jo Walton.**
- Page 140 (b) Salary Growth showing as 1% per annum until March 2020 - in reply to a question raised in the light of the Prime Minister's recent announcement regarding the end

of austerity, it was confirmed that this would be reviewed. **Action Mark Whitby / Jo Walton.**

It was resolved:

- 1) To note the contents of the report.
- 2) Approve the amendments to the Policy as set out in the revised Policy document at Appendix 2.

## **92. ACCESS ASSET POOLING UPDATE**

This report updated the Committee on the Access Joint Committee meeting held on 19<sup>th</sup> September 2018.

In discussion:

- It was clarified that the acronym OWG used in paragraph 2.3.3 referred to officer working group.
- There was a request for an update on access costs. **Officers undertook to provide the latest report to Members outside of the meeting Action: Mark Whitby / Jo Walton**
- It was highlighted that there were proposals to change the Pool to becoming a segregated fund as this had tax advantages. The detail of such proposals would be the subject of a future report to the Committee.
- The retired member representative expressed his disappointment on the decision regarding Board members not having representation on the Joint Committee, stating that nationally two pools already had such arrangements. He expressed the view again that there should be Board representation or at least, in an observer capacity. His views was that the Pool was not filtering down adequately their activities to other Members. He wanted his views recorded that the Joint Committee should reconsider their decision.
- Councillor Robinson a new member asked to be provided with background papers regarding setting up the ACCESS pool. He also questioned whether there was a responsible Investment Policy taking account of environmental issues. **Action Officers to provide the necessary report outside of the meeting Action: Mark Whitby / Jo Walton**

It was resolved:

1. To Note the Asset Pooling Update.
2. Note the exempt Minutes attached as an appendix to the report from the ACCESS Joint Committee meeting of the 11<sup>th</sup> June.

The rest of the meeting now resumed as a meeting open to the public.

### **93. GOVERNANCE AND COMPLIANCE REPORT**

This report provided information on:

- 1) Potential, new or amending legislation affecting the LGPS;
- 2) On other pensions legislation;
- 3) Activities of the LGPS Scheme Advisory Board and the Pensions Regulator;
- 4 On issues concerning the governance of the Local Government Pension Scheme (LGPS) on a national and local basis; and
- 5) Skills and knowledge opportunities.

The report was noted.

### **94. REVIEW OF THE REPORTING BREACHES OF THE LAW TO THE PENSIONS REGULATOR POLICY**

This report presented the review of the reporting breaches of the law to the Pensions Regulator Policy. The main changes were set out on page 176. As there were no questions,

It was resolved:

To approve the reporting breaches of the Law to the Pensions Regulator and Delegate to the Head of Pensions in consultation with the Chairman any immaterial amendments to the policy.

### **95. CAMBRIDGESHIRE PENSION FUND DATA IMPROVEMENT POLICY AND PLAN**

The Public Service Pension Act 2013 came into effect on 1 April 2014 and increased the powers of the Pensions Regulator to ensure that public service pension schemes had appropriate measures in place to ensure high standards of governance and administration. The code of practice 14 – governance and administration of public service pension schemes addresses the need for high standards of accurate data and states that schemes must regularly review the data held and put in place a Data Improvement Plan to address any issues.

This report presented the Data Improvement Policy (Appendix 1) and the Data Improvement Plan (Appendix 2) which had been drafted for Committee approval to demonstrate to the Pensions Regulator that the Fund has reviewed the quality of its data and has an ongoing approach to ensuring the Fund has appropriate processes in place to consistently hold accurate data. It was explained that there was no standard way to store data and different

pension funds used different methods. Cambridgeshire had been very transparent in its self-scoring and been tougher than some other Funds.

Issues raised in discussion included:

- The suggestion that as data collection monitoring improved, future update reports should provide details of the original data figures. It was explained that the test would be that the right benefits were being paid. It was not known how it would change liabilities but the expectation was that it would improve efficiency.
- Requesting an update on overseas pension payments where the addresses could not be contacted. It was explained that pensions were no longer being paid if people could not be traced overseas. Failure to find the correct addresses however was being counted as a fail on the return to the Pensions Regulator which was not the policy being adopted by some other Funds when completing their returns.
- Further to this, a question was raised on whether the person could be written off if they did not respond to correspondence within a reasonable timeframe. In reply it was indicated that they were not written off as a death certificate was required in order to close the records. The benefits were paid into an ESCROW Fund until they were claimed, otherwise they sat there suspended.

It was resolved

To approve the Data Improvement Policy and Plan.

## **96. EMPLOYER ADMISSIONS AND CESSATIONS REPORT**

This report provided an update on admissions and cessations to the Cambridgeshire Pension Fund since the last report paper reported. It detailed the seven admission bodies and provided details on the termination of one scheduled body from the Cambridgeshire Pension Fund.

Questions raised included:

- Whether there was any discretion on admitting bodies in terms of the average number of employees to employers as the fixed costs could be an issue. In reply detail was provided on charities, but the Fund aimed to minimise the costs for small employers. The aim would be to ensure the Pension Fund was not making its Admissions Agreement too difficult to discourage new entries, as new contributions needed to be encouraged.
- In answer to how many cessations were currently in transit the reply was 16.

It was resolved:

1. To note the admission of the following admission bodies to the Cambridgeshire Pension Fund:

Everyone Health Limited  
Edwards and Blake

Lunchtime UK Limited for the following contracts:

- *Houghton Primary School*
- *Friday Bridge Primary*
- *The Ashbeach Primary School*
- *St Laurence Catholic Primary School*
- Clean Slate (Histon Early Years Centre)

2) Note the termination of the following scheduled body from the Cambridgeshire Pension Fund:

- *St Neot's Learning Partnership Trust.*

## 97. PENSION FUND ANNUAL REPORT AND STATEMENT OF ACCOUNTS

The Committee received a report presenting the final audited Annual Report and Statement of Accounts of the Pension Fund for the 2017-2018 financial year.

Issues raised included:

- Page 238 - Timelines of Contributions three year forecast of income and expenditure - with reference to the net returns on investments of around the £100k figure, a question was raised on how this affected the funding position and whether the projected forecasts were material. In reply it was explained that currently there was a £24m surplus which was expected to increase over the next three years. The figures on investment income of around £30m estimated in each of the next three years could be used to help the cashflow position.
- Page 239 - Management Expenses - Councillor Robertson, a new Member, asked for an explanation of the large discrepancy between the estimated outturn and the final outturn in respect of management expenses and whether any benchmarking was carried out? It was explained that the forecast was based on how investment rates were forecast to perform. It was not possible to accurately forecast the future and higher returns than forecast resulted in higher final management fees where pay was linked to performance. While it appeared to be a large figure, it was in relation to a fund of £3 billion. Update reports reviewing management expenses and fees were received by both this Committee and the Investment Sub-Committee.
- Further to the discussion on management expenses, it was suggested an additional line should be included extrapolating how much of the fee represented performance related pay. In reply it was highlighted that this information was shown at 11a on page 296. Further to this reply, it was suggested that a note was included on page 239 cross referencing to page 296. This was agreed. **Action: T Pegram**

- There was request for a breakdown of Assets under Management fees **Action: T Pegram**
- Page 240 – There was a query regarding recovery of overpayments of Pension noting the increase in them in the last two years compared to 2015-16 asking what happened if they were not recovered. In reply, as detailed in the table, it was confirmed that they would be written off. (Write-offs as a percentage of payroll was miniscule as set out in the table at 0.02%) The Member suggested a further column showing the amount still under active review in respect of monies not recovered would be a useful addition. **Action: T Pegram to look into**
- Page 243 table - Age Profile of Fund Membership as at 31<sup>st</sup> March 2018 - Councillor Shellens requested a copy of the previous year's table. **Action: T Pegram**
- Page 239 and Page 250 it was highlighted that the employer contribution figures were not the same. Page 239 - £103,041,529 and £103,088 on Page 250. It was confirmed that the figures should be the same.
- Page 283 - the line showing profits on disposal of investments – in reply to a Member who suggested that it was not wise to show this it was explained that the CIPFA guidelines required it.
- Page 283 - On a question raised at the previous meeting regarding why tax had been paid on income in the year just ended but not in the previous year, enquiries of the custodian had confirmed that the £329k shown as tax on income at 31<sup>st</sup> March 2018 was made up of two transactions, of which one totalling £162k was recoverable. It had been agreed with the External Auditor that it would be left in the accounts as it was immaterial and instead, an amendment would be made in 2018-19. The £167k not recoverable was due to the payment method used by the Income issuer.
- Page 255 – Investment Manager Profiles and Performance Targets for 2017-18 – A question was raised regarding why the target above benchmark column was shown as not applicable for most items. It was explained that this was because they were passive investment managers so they would not have a benchmark score. However as reassurance, it was explained that the Investment Sub-Committee received quarterly updates on investment managers' performance.
- Members discussed the vulnerability of funds to Brexit. Officers stressed that the Fund was global, with exposure to UK markets limited to around 24%. It was explained that Mercer had just produced a report on the potential exposure to Brexit, and it was agreed to circulate it. **Action T Pegram**
- Officers agreed to provide the Annual Report (Investment Manager Fee and Transactions Cost Review), Mercers Annual Investment Manager Review and the latest Investment Performance Report as background for Councillor Robertson. **Action: Mark Whitby / Jo Walton**

- There was a request to provide as background to Councillor Robinson, training day reports and also for Paul Tysoe to have a session with the new Members. **Action T Pegram / Paul Tysoe**

It was resolved:

To note the report.

**98. DATE OF NEXT MEETING MOVED FROM 6<sup>TH</sup> TO 13<sup>TH</sup> DECEMBER**

**Chairman  
13<sup>th</sup> December  
2018**





# CAMBRIDGESHIRE PENSION FUND

## Pension Fund Committee

**Agenda Item: 2b)**

### Action log from previous meeting

This log captures the actions from the Pension Fund Committee of the 18 October 2018 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 30 November 2018.

### Outstanding actions from 26 July 2018 meeting of the Pension Fund Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
80.	Pension Fund Annual Report and Statement of Accounts	Paul Tysoe	Members discussed the vulnerability of funds to Brexit. Both Jo and Officers stressed that the Fund was global, with exposure to UK markets limited to around 24%. Jo advised that Mercer had just produced a report on the potential exposure to Brexit, and agreed to circulate it.	<b>Completed</b> - Mercer has provided their report on the potential exposure to Brexit, along with a more recent Mercer paper on political risk, both of which were circulated in October. Mercers will be available to answer any further questions at the November Investment Sub Committee meeting.
82.	The Annual Review of the Fund Investment Managers	Paul Tysoe	To include a column in the manager summary table comparing the Mercer rating and opinion for the previous year.	<b>Noted</b> - will be included in future reports.

### Outstanding actions from 18 October 2018 meeting of the Pension Fund Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
87.	Pension Fund Annual Business Plan Update	Joanne Walton	Future updates should be more specific to include what action was required, the current update position and the end date for the action.	<b>Noted</b> - will be included in future reports.
87.	Pension Fund Annual Business Plan Update	Joanne Walton	There was a request for officers to respond in an e-mail to the specific cases quoted by John Walker and provide more information on the rectification being undertaken.	<b>Completed</b> – e-mail sent 30 November 2018.
88.	Administration Performance Report	Joanne Walton	The Committee requested that the CIPFA return information to be shared with them.	<b>Completed</b> – e-mail sent 26 November 2018
91.	Outline of Valuation Process	Mark Whitby/ Joanne Walton	The Strategy update should have included side bars/ or clear identification of the changes within the document showing the tracked changes.	<b>Noted</b> - will be included in future reviews.
91.	Outline of Valuation Process	Mark Whitby/ Joanne Walton	Salary growth showing as 1% per annum until March 2020 – in a reply to a question raised in the light of the Prime Minister's recent announcement regarding the end of austerity, it was confirmed this would be reviewed.	<b>In progress</b> - The analysis of this assumption will be taking place in December and will be brought forward to the Committee in March for a decision.
92.	ACCESS Asset Pooling Update	Mark Whitby	There was a request for an update on access costs. Officers undertook to provide the latest report to Members outside of the meeting.	<b>Completed</b> - Officers believe this was covered in the previous meeting but please advise if any further clarification is required.
92.	ACCESS Asset Pooling Update	Mark Whitby	Councillor Robertson a new member asked to be provided with background papers regarding setting up	<b>Completed</b> – email sent 14 November 2018

			the ACCESS pool. He also questioned whether there was a responsible Investment Policy taking account of environmental issues. Officers to provide necessary report outside of the meeting.	
97.	Annual Report and Statement of Accounts	Tracy Pegram	Further to discussion on management expenses, it was suggested an additional line should be included extrapolating how much of the fee represented performance related pay. In reply it was highlighted that this information was shown at 11a on page 296. Further to this reply, it was suggested that a note was included on page 239 cross referencing to page 296.	<b>Noted</b> - will be included in future reports.
97.	Annual Report and Statement of Accounts	Tracy Pegram	There was a request for a breakdown of Assets under Management fees	<p><b>Completed</b> -</p> <p>A breakdown of Assets under Management is shown in the Annual Report and Statement of Accounts on page 37.</p> <p>Disclosure of Investment Manager Fees is made in note 11A on page 76, in line with disclosure requirements.</p> <p>The Pension Committee receives a fee analysis report in the July annual meeting.</p>
97.	Annual Report and Statement of Accounts	Tracy Pegram	There was a query regarding the recovery of overpayments of Pensions noting the increase in the last 2 years compared to 2015-16. It was suggested that in	<b>Noted</b> – will be in next year's Annual Report and Statement of Accounts

			the future there should be a column showing the amount still under active review in respect of monies not recovered would be a useful addition.	
97.	Annual Report and Statement of Accounts	Tracy Pegram	Page 243 table – Councillor Shellens requested a copy of the previous year’s table.	<b>Completed</b> – circulated by email on 18 October 2018.
97.	Annual Report and Statement of Accounts	Tracy Pegram	Members discussed the vulnerability of funds to Brexit. Officers stressed that the Fund was global, with exposure to UK markets limited to around 24%. It was explained that Mercer had just produced a report on the potential exposure to Brexit, and it was agreed to circulate it.	<b>Completed</b> – The Mercer report regarding Brexit was circulated 4 October 2018.
97.	Annual Report and Statement of Accounts	Tracy Pegram	Officers agreed to provide the Annual Report (Investment Manager Fee and Transaction Cost Review) and the latest Investment Performance review to Councillor Robertson	<b>Completed</b> – email sent 26 October 2018.
97.	Annual Report and Statement of Accounts	Tracy Pegram/Paul Tysoe	There was a request to provide background to Councillor Robertson, training day reports and for Paul Tysoe to have a session with new members.	<b>Completed</b> – email sent 21 November 2018.

# CAMBRIDGESHIRE PENSION FUND



## Pension Fund Committee

**Date:** 13 December 2018

**Report by:** Head of Pensions

<b>Subject:</b>	<b>Pension Fund Annual Business Plan Update report 2018/19</b>
<b>Purpose of the Report</b>	To present the Pension Fund Business Plan Update for the third meeting of the 2018/19 financial year to the Pension Fund Committee.
<b>Recommendations</b>	1) The Committee are asked to note the Pension Fund Business Plan Update for the third meeting of the 2018/19 financial year.
<b>Enquiries to:</b>	Joanne Walton, Governance and Regulations Manager <a href="mailto:jwalton@northamptonshire.gov.uk">jwalton@northamptonshire.gov.uk</a>

## 1. Background

- 1.1 Good governance requires that updates to the pre-agreed Annual Business Plan and Medium Term Strategy are provided to the Committee on a regular basis. This update highlights the progress made on the key activities during the third quarter of the 2018/19 Business Plan which was approved by the Pension Fund Committee on in March 2018.
- 1.2 A full list of the key fund activities for the 2018/19 financial year can be found in appendix 1 of this report.

## 2. Key Pension Fund Activities

### 2.1 Service Delivery

Reference	Key action/task	2018/19			
		Q1	Q2	Q3	Q4
SD1	Review staff retention	✓G			
SD2	Obtain full Customer Service Excellence standard accreditation		✓G		
SD3	Implement additional posts	✓A			

#### 2.1.1 SD1 – Review staff retention

**Action** - Keep under review our ability to recruit and retain staff, ensuring any financial or reputational issues with a partner organisation do not impact the governance and administration of the Fund, taking remedial action where necessary.

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**Update** – No retention issues have yet materialised. All areas of the Pensions Service are at full establishment (subject to SD3 comments below) with the exception of Operations; vacancies are being actively recruited to in this area which is adequately resourced to fulfil business as usual activities but requires a few more staff to eat into outstanding unprocessed leavers. Expanded recruitment options are being explored.

**On target for completion?** Whilst staff retention is not a current issue it will be kept under constant review.

### 2.1.2 SD2 – Evidence continued customer excellence

**Action** - Achieve interim Customer Service Excellence (CSE) Standard accreditation and develop and implement Action Plan from feedback received. Undertake full CSE assessment and develop further Action Plan.

**Update** - The Customer Service Excellence project team has drawn up an action plan in line with the feedback received from the interim assessment in August.

**On target for completion?** The relevant service areas are working towards implementing the recommendations by June 2019 and are on course to do so.

### 2.1.3 SD3 – Implement additional posts to structure

**Action** - Integrate four new posts into the LGSS Pensions structure to support combined LGPS administration to the Cambridgeshire and Northamptonshire Funds.

**Update** – The post of Data Quality Officer has now been appointed to from an existing member of the service on a partial acting up basis for an initial period of 6 months. A decision will be taken at the end of April 2019 as to whether a full appointment will be made. The two additional Pensions Officer posts created to deal with the data improvement work have been appointed to. The post of Communications Officer has been graded and will be advertised in early January 2019 with a view for the post to be filled by 31 March 2019.

**On target for completion?** All additional posts on course to be fully recruited to by 31 March 2019.

## 2.2 Governance and compliance

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
GC1	Legal services procurement					✓G	
GC2	Mortality screening / member tracing services procurement				✓G		
GC6	Data improvement plan				✓G		
GC8	Guaranteed Minimum Pension reconciliation / rectification				✓G		
GC9	Pensioner administration v pensioner payroll records rectification			✓G		✓	

### 2.2.1 GC1 – Legal services procurement

**Action** - The Fund needs to procure its own supplier of Legal Services that has a specialism in pensions and investment law. As such the National LGPS Framework for Legal Services will be used to conduct the procurement. This will save time and expense as the necessary OJEU procurement processes have been completed and only the best quality and value for money suppliers are awarded a place on the Framework. It is proposed that the procurement is undertaken jointly with Northamptonshire Pension Fund to benefit from economies of scale as has been achieved with other joint procurements.

**Update** – As agreed at the October 2018 Pension Fund Committee meeting, the procurement of Legal Services has been postponed until January 2019 to allow for the new framework to be launched. Information on the framework will be obtained as soon as it becomes available.

**On target for completion?** Further information will be known as to the options within the framework by March 2019 meeting of the Pension Fund Committee. This information will dictate which approach to procuring a supplier is most appropriate and in turn will determine the timescale for award of contract.

### 2.2.2 GC2 - Mortality screening and member tracing service procurement

**Action** - The Fund needs to procure a mortality screening and member tracing service to ensure scheme member records are accurate and up to date to comply with prevailing legislation on data quality. Having the ability to access up to date information on members of the scheme who pass away and move address via these services will significantly improve the quality of the data held. As with the procurement of legal services, it is intended that the procurement of these services will be conducted on a joint basis with Northamptonshire Pension Fund via the National LGPS Frameworks.

**Update** – Both Funds have registered their interest in the new National Framework for Member Data Services which launched during mid-October and have received the necessary documentation. Officers are in the process of reviewing the supplier catalogues in order to decide on whether to direct award or conduct a mini-competition to procure the services from the choice of four suppliers and this will also determine the timescale for appointment.

**On target for completion?** A decision will be made by Officers on the preferred procurement method by 31 December 2018. Approval for the expenditure on member tracing and screening services will be included in the Annual Business Plan for 2019/20 which is to be presented at the March 2019 Pension Fund Committee. Once the expenditure and the chosen method of procurement is agreed the necessary action will be taken to award to the preferred supplier by 31 May 2019.

### 2.2.3 GC6 - Data improvement plan

**Action** - It is a requirement of the Pensions Regulator's code of practice on the governance and administration of public service pension schemes to have in place a data improvement plan.

**Update** – The Data Improvement Policy and the Data Improvement Plan were approved at the October meeting of the Pension Fund Committee. A report on the progress made against the Data Improvement Plan is to be presented at each Pension Fund Committee meeting commencing 14 December 2018.

**On target for completion?** Fully completed.

#### 2.2.4 GC8 - Guaranteed Minimum Pension (GMP) reconciliation / rectification

**Action** - Following the introduction the end of contracting-out on 6 April 2016, it was necessary for all pension schemes to reconcile their scheme members' contracted out liability against that recorded by HMRC. HMRC are currently operating, until 31 December 2018, a reconciliation service in order for schemes to query and amend the data held.

**Update** – The reconciliation stage of this project is running to schedule with all queries having been presented to HMRC prior to their deadline of 31 October 2018. Following the approval of the Data Improvement Policy and Plan at the October meeting of the Pension Fund Committee a full progress update on the completion of the reconciliation stage of this project is now detailed in the Data Improvement Plan update report to be presented at this meeting. The rectification stage of this project will also be reported within the Data Improvement Plan update report once this is started.

**On target for completion?** Reconciliation is on target for completion by 31 December 2018. In January 2019 a formal strategy will be devised to respond to the rectification requirements based the number of cases involved which at the time of writing this report is unknown.

#### 2.2.5 GC9 - Pensioner administration v pensioner payroll records rectification

**Action** - In October 2016, the Fund migrated its pensioner payroll from the County Council's Oracle payroll solution to Altair payroll and in January 2017 the Altair pensioner administration records were merged with the Altair pensioner payroll records and following an analysis of the two sets of data a number of over and underpayments of pension were identified and require rectification.

**Update** –Following the approval of the Data Improvement Policy and Plan at the October meeting of the Pension Fund Committee a full progress update on the completion of the rectification stage of this project is now detailed in the Data Improvement Plan update report to be presented at this meeting.

**On target for completion?** On target to complete by 31 March 2019.

### 2.3 Communications, Systems and Employer Management

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
CSEM1	Employer covenant monitoring		✓G				
CSEM2	Investigate and prepare for move to electronic communications as standard		✓G				



CSEM3	Promotion of member self service		✓G			
CSEM5	Review resilience to cyber crime		✓G			
CSEM6	<i>In-house hosting by LGSS IT</i>					
CSEM7	Development of employer resources		✓G		✓	
CSEM10	Preparation for the 2019 valuation			✓G		

### 2.3.1 CSEM1 – Employer covenant monitoring

**Action** - At the 2016 whole Fund valuation, a risk based approach to setting the contribution strategy for employers was introduced. This approach used a high level covenant assessment of employers to group them into various categories to determine the contribution strategy that would apply to them. Employer covenant monitoring has so far been based on information readily available to the Fund, e.g. employer type, guarantor.

This approach now needs to be developed further for riskier employers and incorporate wider external factors into the covenant assessment including an employer's financial position, market position and other related factors. This kind of assessment requires specialised skills and knowledge. The Admission Bodies, Scheme Employers and Bulk Transfers Policy will be reviewed to incorporate covenant assessment.

**Update** - Hymans Robertson have been engaged to provide employer covenant monitoring services and a list of key requirements/objectives has been provided to them.

**On target for completion?** A proposed outline plan and costs are currently being developed with the aim of implementing this process as part of preparations for the valuation of the Pension Fund, including a discussion with employers considered in scope at the March 2019 Employers Forum.

### 2.3.2 CSEM2 - Scope move to electronic communications

**Action** - Since 2015/16 the Fund has been increasing the use of electronic communications with members, such as issuing annual benefit statements to active and deferred members electronically. In addition, the Fund has also begun offering members the option to receive other scheme communications electronically, delivered through member self-service. The next stage is to move to a position of electronic communication by default, unless a member has opted out of electronic communications.

Technical and policy requirements/restrictions need to be investigated to allow decisions to be made as to which electronic communications are possible and/or desired. Following this scoping exercise our Communication Strategy will be reviewed with the view to including electronic communications.

**Update** - Work on the scoping exercise has been completed. It has been identified from both a policy and technology perspective that a move to electronic communications is possible. The self-service facility, email and the "Notify" service described in previous updates will be the preferred communication methods for active and deferred members.

This is likely to include electronic provision of pensioner payslips via a dedicated data view on the self-service facility.

**On target for completion?** Processes to enable electronic communications for active and deferred members to be put in place by the end of 2019/20 and to be rolled out to pensioners in 2019/20.

### **2.3.3 CSEM3 – Promotion of member self service**

**Action** - Take up of member self-service has remained consistent over the last 3 years at approximately 20% of active and deferred members signing up and using this facility. New initiatives to increase use of member self service will be investigated and applied as appropriate.

**Update** - Following the promotional activities described in previous updates, take up of the self-service facility has now grown to approximately 25% of active and deferred membership using the facility. The focus is now on rolling the facility out to pensioner members. Access is now being granted to retiring members with an active or deferred account to provide continuity of service.

**On target for completion?** The roll out of access to existing pensioners will commence as part of the next pensioner communication cycle in early 2019.

### **2.3.4 CSEM5 - Review resilience to cyber crime**

**Action** - Cybercrime is becoming an increasing threat to pension funds so it is important to review resilience to such attacks via both internally and externally hosted platforms.

**Update** – A report is being prepared about the Fund's cyber-resilience. This includes procedures and arrangements in place with partners such as Aquila Heywood, LGSS IT and Hymans Robertson, where there is technological dependencies or where the Fund's data is held electronically.

A training session will also be provided to officers before the end of the scheme year which will include a number of simple steps that can be taken to minimise the risk and impact of cybercrime.

**On target for completion?** A report detailing the Fund's cyber-resilience will be presented to the Pension Fund Committee at the March 2019 meeting.

### **2.3.5 CSEM6 - In-house hosting by LGSS IT**

**Action** - In-house hosting of pensions server from Aquila Heywood to LGSS

**Update** – This is no longer being progressed as a business priority for LGSS IT and is therefore not expected to be progressed over the term of this Business Plan. The Fund remains extremely satisfied with its existing supplier of hosting services, Aquila Heywood.

**On target for completion?** Not applicable.

### 2.3.6 CSEM7 – Development of employer resources

**Action** - The Fund will continue to investigate and implement appropriate improvements to the resources available to employers for providing accurate and timely information, including expanding the monthly collection of data via i-Connect.

**Update** - 26% of the Northamptonshire Pension Fund employers are currently using i-Connect with two major payroll providers due to come on board shortly which will significantly boost the numbers. The Managing Director of i-Connect presented to scheme employers at the November 2018 Employer Forum and also at this event the importance of data was reinforced by a representative of the Pensions Regulator.

**On target for completion?** Roll out of i-Connect to all remaining scheme employers is on track to be completed by 31 December 2019

### 2.3.7 CSEM10 – Preparation for the 2019 valuation

**Action** - The Fund will work with the actuary to make preparations for the 2019 whole Fund valuation. This will include agreement of requirements and timescales for:

- engagement and training for officers and members of the Pension Committee and Local Pension Board
- communication and engagement with employers
- pre-valuation activities
- key activities and deliverables during the valuation
- actuarial assumptions
- disaggregation of employer pools

**Update** - Preparation for the 2019 valuation has begun including some initial training and some pre-valuation activities.

Training was provided to Officers of the Fund and members of the Pension Fund Committee and Local Pension Board in October to set out the valuation process and the outline of the key activities involved. A timeline has also been agreed with the Fund's Actuary and high level discussions about priorities have already taken place. Data has been provided to the Actuary to allow an assessment of employer pools to inform discussion about the potential disaggregation of these pools. A communication has been sent informing employers of the active member data reconciliation exercise which will be carried out in December and January. The communication included instructions for employers on how to reconcile and amend any incorrect data prior to the valuation. A training session focussing on the process and key errors employers need to focus on was provided as part of the recent Employer Forum. Data extracts will be provided to all employers in December with a deadline of 31 January 2019 to complete the exercise.

**On target for completion?** All activities are on schedule for completion by 31 March 2019 which is the effective date for cut of data to be used in the valuation calculations.

## 2.4 Operations

Reference	Key action/task	2018/19			
		Q1	Q2	Q3	Q4
Ops1	Processing of undecided leavers		✓G		
Ops2	Establish ESCROW account for 'out of scheme' payments	✓A	→		

### 2.4.1 Ops1 – Processing of undecided leavers

**Action** - The Fund has a number of undecided leaver records where a member has left a period of pensionable employment, is not entitled to immediate payment of pension benefits, but is entitled to either a refund of contributions, aggregation with another period of pensionable membership and/or a deferred pension award. An in-depth analysis of the unprocessed or partially processed records and an action plan to be formed to deal with each category is required.

**Update** – Following the approval of the Data Improvement Policy and Plan at the October meeting of the Pension Fund Committee a full progress update on the completion of this project is now detailed in the Data Improvement Plan update report to be presented at this meeting.

**On target for completion?** All activities scheduled for completion to date have been completed.

### 2.4.2 Ops2 - Establish ESCROW account for 'out of scheme' payments

**Action** - The Fund requires a non-interest bearing ESCROW account belonging to the administering authority to hold specific pension scheme benefits that if not paid to the appropriate recipients within a specific period of time, then become an unauthorised payment subject to tax charges on both the scheme member or beneficiary and the scheme.

**Update** - The ESCROW account has been set up and payments into and out of the new account have been tested.

**On target for completion?** The final stage is to be undertaken in mid-December to ensure the payments can be reconciled suitably. Once this is in place training will be given to users of the ESCROW account.

## 2.5 Investments, accountancy and cash flow management

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
IA3	Responsible investment		✓G				
IA4	Asset pooling				✓G		
IA5	Strategic Asset Allocation review			✓G			

### 2.5.1 IA3 – Local direct investment

**Action** - Appoint a manager to create a bespoke local investment fund for the Cambridgeshire Fund, capable of investing in a range of asset classes and to investment parameters agreed by the Pension Fund Committee. Appoint a consultant under Lot 2 of the investment consultancy National Framework to assist with the development of a procurement specification and to support an OJEU compliant manager procurement process.

**Update** - Following the exploration of the providers on Lot 2 and in consultation with fellow funds in the LGPS community on their experiences with similar local investment initiatives it was determined that a more streamlined approach could be used to procure a fund manager to meet the Fund's needs. Two fund managers have presented proposals to the Investment Sub Committee (ISC) for Local Economic Development Funds. One manager offered a suitable solution but the ISC have requested that for comparison purposes officers invite additional providers to a subsequent ISC meeting.

**On target for completion?** Officers are currently liaising with additional providers to identify suitable firms to present to the ISC in the February 2019.

### 2.5.2 IA4 – Responsible investment

**Action** - Implement full actions arising from Responsible Investment Information Day; to include signing up to UK Stewardship Code, increasing the Fund oversight of ESG integration into investment manager decisions, and monitoring and reporting of investment manager voting.

**Update** – Officers and Mercer are jointly developing an action plan to enable the Fund to become a signatory of the UK Stewardship Code. This will include other related matters discussed at the Responsible Investment Information Day, which is due to be held on 13 February 2019.

**On target for completion?** Action plan to be presented at the March 2019 meeting of the Pension Fund Committee.

### 2.5.3 IA5 – Asset pooling

**Action** - Progression of ACCESS asset pooling project in accordance with the ACCESS project plan to deliver scale benefits, reduced costs and improved governance, meeting the Government asset pooling agenda.

**Update** – Progress on ACCESS pooling is being reported in a separate agenda item at this meeting.

**On target for completion?** Refer to ACCESS pooling report to be presented at this meeting.

### 2.5.4 IA6 – Strategic Asset Allocation review

**Action** - Undertake a full review of the strategic asset allocation of the Fund to ensure the Fund has an appropriate allocation between asset classes in light of its liabilities and

funding level. Review to include the different role each asset class plays in the portfolio construction and an investigation into different solutions available for the Fund to invest in.

**Update** – The Investment Sub Committee has investigated a number of aspects of the strategic asset allocation at meetings in February, June, September and November 2018, including consideration of proposals for hedging or diversifying the portfolio. An additional workshop with the Fund's Investment Consultant, Mercer was held on 28 November to ensure that the proposals are aligned with the key risks that concern the ISC.

**On target for completion?** At the November workshop it was agreed to investigate utilising circa £300m of fixed income assets as collateral to enable equity protection to be put in place. A paper will be prepared by end of December in order that it can be circulated and discussed at a workshop, to be arranged, in January 2019, enabling an ISC decision at the February 2019 meeting.

### 3. Relevant Fund objectives

- 3.1 Continually monitor and measure clearly articulated objectives through business planning.

### 4. Risk Management

- 4.1 The Pension Fund Committee approves the Annual Business Plan and Medium Term Strategy every March for the upcoming year. The plan highlights the key activities of the Fund and the progress of these activities are reported through the Business Plan Update reports provided to the Pension Fund Committee and Local Pension Board at every meeting.
- 4.2 The risks associated with failing to monitor progress against the Business Plan have been captured in the Fund's risk register as detailed below.

Risk register	Risk mitigated	Residual risk
Governance (risk 1)	The scheme would not be administered in line with regulations and policies	Green
Governance (risk 2)	Those charged with the governance of the Fund and scheme are unable to fulfil their responsibilities effectively	Amber

- 4.3 A full version of the Fund risk register can be found at the following link – <http://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

### 5. Communication Implications

<b>Direct Communications</b>	The Business Plan Update will be presented to the Pension Fund Committee at its quarterly business meetings.
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### 6. Legal Implications

- 6.1 Not applicable

## **7. Consultation with Key Advisers**

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

## **8. Alternative Options Considered**

8.1 Not applicable

## **9. Background Papers**

9.1 Annual Business Plan and Medium Term Strategy 2018/19 –  
[http://pensions.northamptonshire.gov.uk/app/uploads/2018/10/Annual-Business-Plan-and-Medium-Term-Strategy-2018\\_19-CPF.pdf](http://pensions.northamptonshire.gov.uk/app/uploads/2018/10/Annual-Business-Plan-and-Medium-Term-Strategy-2018_19-CPF.pdf)

## **10. Appendices**

10.1 Appendix 1 – Full list of Key Fund Activities for the 2018/19 financial year.

<b>Checklist of Key Approvals</b>	
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 – 29 November 2018
Has this report been cleared by Head of Pensions?	Mark Whitby – 26 November 2018
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 28 November 2018
Has this report been cleared by Monitoring Officer?	Fiona McMillan – 26 November 2018

## Appendix 1 – Full list of Key Fund Activities for the 2018/19 financial year.

### Service Delivery

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
SD1	Review staff retention		✓				
SD2	Obtain full Customer Service Excellence standard accreditation		✓			✓	
SD3	Implement additional posts		✓				

### Governance and Compliance

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
GC1	Legal services procurement		✓				
GC2	Mortality screening / member tracing services procurement			✓			
GC3	Soft market testing for administration and payroll system procurement						✓
GC4	Review Additional Voluntary Contribution fund range				✓		
GC5	The General Data Protection Regulation compliance	✓					
GC6	Data improvement plan			✓			
GC7	Liability reduction exercises					✓	
GC8	Guaranteed Minimum Pension reconciliation / rectification			✓			
GC9	Pensioner administration v pensioner payroll records rectification		✓			✓	

### Communications, Systems and Employer Management

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
CSEM1	Employer covenant monitoring		✓				
CSEM2	Investigate and prepare for move to electronic communications as standard		✓				
CSEM3	Promotion of member self service		✓				
CSEM4	Monitoring/understanding the member experience	✓					
CSEM5	Review resilience to cyber crime	✓		✓			
CSEM6	<i>In-house hosting by LGSS IT</i>		✓				
CSEM7	Development of employer resources		✓			✓	

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CSEM8	Investigation of HEAT	✓				
CSEM9	Implementation of ill health self-insurance/pooling	✓				
CSEM10	Preparation for the 2019 valuation			✓		

### Operations

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
Ops1	Processing of undecided leavers			✓			
Ops2	Establish ESCROW account for 'out of scheme' payments	✓					

### Investments, accountancy and cash flow management

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
IA1	Investment consultancy services re-tender					✓	✓
IA2	Global custody services re-tender					✓	
IA3	Local direct investment		✓				
IA4	Responsible investment		✓				
IA5	Asset pooling				✓		
IA6	Strategic Asset Allocation review		✓				



# CAMBRIDGESHIRE PENSION FUND



## Pension Fund Committee

Date: 13 December 2018

Report by: Head of Pensions

<b>Subject:</b>	<b>Administration Performance Report</b>
<b>Purpose of the Report</b>	<a href="#">To present the Administration Performance Report to the Pension Fund Committee</a>
<b>Recommendations</b>	<b>The Pension Fund Committee are asked to note the Administration Performance Report</b>
<b>Enquiries to:</b>	Michelle Oakensen – LGSS Pensions Governance Officer <a href="mailto:moakensen@northamptonshire.gov.uk">moakensen@northamptonshire.gov.uk</a>

## 1. Background

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

## 2. Administration Reporting

### 2.1 Variances against the forecast of investments and administration expenses

- 2.1.1 The tables in **appendix 1** provide an update of the Fund account, investment and administration income and expenditure against the cash flow projection outlined in the Annual Business Plan as agreed by the Pensions Committee in March 2018.

### 2.2 Key Performance Indicators – LGSS Pensions

- 2.2.1 The Pension Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of LGSS Pensions.
- 2.2.2 For the period 1 September to 31 October 2018 the Fund has met all targets. The detail surrounding the performance of the service can be found in **appendix 1**.

### 2.3 Receipt of Employee and Employer Contributions

- 2.3.1 Employers in the Fund have a statutory obligation to arrange for the correct deduction of employee and employer contributions and to ensure payment reaches the Pension Fund by the 19th of the month following the month of deduction. Providing an associated monthly statement/schedule in a format acceptable to the Administering Authority.

2.3.2 The table in **appendix 1** 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 for the period 1 October 2017 to 30 September 2018.

2.3.3 Details of late paying employers for August and September can be found in **appendix 2 (private)** of the report.

### 3. Relevant Pension Fund Objective

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>Objective 1</i>
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. <i>Objective 2</i>
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. <i>Objective 3</i>
Continually monitor and measure clearly articulated objectives through business planning <i>Objective 4</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>
Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. <i>Objective 8</i>
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. <i>Objective 10</i>

### 4. Finance & Resources Implications

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

### 5. Risk Management

5.1 The Fund's Administration Strategy sets out the performance standards of both the scheme employer and the administering authority (LGSS Pensions). The Pension Fund Committee and Local Pension Board are expected to monitor performance standards through information contained within the Administration Report which is presented at each meeting.

5.2 The risks associated with either scheme employer or the administering authority failing to meet those performance standards have been captured in the Fund's risk register as detailed below.

Risk register	Risk mitigated	Residual risk
Governance (risk 1)	Failure to administer the scheme in line with regulations and policies.	Green
Governance (risk 13)	Failure to have formal monitoring of Key Performance Indicators in place leading to officers being unable to produce accurate performance management reports.	Green

<b>Risk register</b>	<b>Risk mitigated</b>	<b>Residual risk</b>
Investment and Funding (risk 19)	Contributions to the Fund are not received on the correct date and for the correct amount.	Amber
Administration and Communication (risk 45)	Effective performance management is not in place for the administration of the Fund.	Green

- 5.3 The full risk register can be found on the LGSS Pensions website at the following link:  
<http://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

## **6. Communication Implications**

<b>Direct Communications</b>	The Fund publishes performance against the key performance indicators in the regular reports to the Pension Fund Committee and Pension Fund Board and in the Fund's Annual Report.
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## **7. Legal Implications**

- 7.1 Not applicable

## **8. Consultation with Key Advisers**

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

## **9. Alternative Options Considered**

- 9.1 Not applicable

## **10. Background Papers**

- 10.1 Not applicable

## **11. Appendices**

- 11.1 Appendix 1 LGSS Pensions Key Performance Indicators
- 11.2 Appendix 2 Late payments of employee and employer contributions (private)

<b>Checklist of Key Approvals</b>	
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 – 29 November 2018
Has this report been cleared by Head of Pensions?	Mark Whitby – 26 November 2018
Has the Chairman of the Pension Committee been consulted?	Councillor Rogers – 29 November 2018
Has this report been cleared by Legal Services?	Fiona McMillan – 26 November 2018

## Appendix 1 – LGSS Pensions Administration Report

### Variances against the forecast of investments and administration expenses – based on original setting of assumptions

Fund Account	2018-19 Estimate	2018-19 Forecast	Variance	Comments
	£000	£000	£000	
Contributions <sup>1</sup>	(129,000)	(125,000)	4,000	Decrease due to membership movements.
Transfers in from other pension funds <sup>2</sup>	(4,907)	(4,780)	127	Forecast shows actuals to date plus actual monthly average for remaining month.
<b>Total income</b>	<b>(133,907)</b>	<b>(129,780)</b>	<b>4,127</b>	
Benefits payable <sup>1</sup>	101,000	101,000	-	
Payments to and on account of leavers <sup>2</sup>	7,246	7,865	619	Actuals plus an average going forward on transfers.
<b>Total Payments</b>	<b>108,246</b>	<b>108,865</b>	<b>619</b>	
	<b>(25,661)</b>	<b>(20,915)</b>	<b>4,746</b>	
Management Expenses	8,494	8,411	(83)	See analysis below.
<b>Total income less expenditure</b>	<b>(17,167)</b>	<b>(12,504)</b>	<b>4,663</b>	
Investment income	(30,000)	(27,235)	2,765	Forecast reflects actual to Q3 plus average actual income for Q4 forecast.
Taxes on income	-	75	75	Tax incurred on Real Estate Funds
(Profit) and losses on disposal of investments and changes in the market value of investments	(77,000)	(236,773)	(159,773)	Forecast reflects actual to Q3.
<b>Net return on investments</b>	<b>(107,000)</b>	<b>(263,933)</b>	<b>(156,933)</b>	
<b>Net (increase)/decrease in the net assets available for benefits during the year</b>	<b>(124,167)</b>	<b>(276,437)</b>	<b>(152,270)</b>	

Management Expenses	2018-19 Estimate	2018-19 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	2,658	2,602	(56)	See analysis in table below.
Total Governance Expenses <sup>3</sup>	449	479	30	Expected increase in ACCESS costs.
Total Investment Expenses <sup>4</sup>	5,387	5,330	(57)	Actuals to Q3 plus actual average for Q4
<b>Total Management Expenses</b>	<b>8,494</b>	<b>8,411</b>	<b>(83)</b>	

Administration Expenses Analysis	2018-19 Estimate	2018-19 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	1,436	1,380	(56)	Expected underspend due to vacant posts.
Altair System	287	287	-	
GMP/Payroll Reconciliation Project <sup>5</sup>	60	60	-	
CRM and new website	25	25	-	Awaiting final charges for this project, our estimate remains in line with expectations.
Communications	23	23	-	
Other Non-Pay and Income	212	212	-	
County Council Overhead Recovery	615	615	-	
<b>Total Administration Expenses</b>	<b>2,658</b>	<b>2,602</b>	<b>(56)</b>	

Notes:

<sup>1</sup>Contributions and benefits are based upon underlying trends in membership and contribution rates, pensions in payment and expected increases.

<sup>2</sup>Transfers in and out have been based upon the average of individual transfers in and out of the scheme over the period 2015/16 to 2017/18, amended to reflect actual transactions to date.

<sup>3</sup>Governance and investment expenses are expected to remain at levels similar to the current year, increasing in line with inflation. Within the governance expenses for 2018/19 is £130,000 in respect of ACCESS related costs (2017/18 £100,000).

<sup>4</sup>Investment expenses are mainly driven by fees paid to managers and are based upon the current year uplifted by 3% per annum.

<sup>5</sup>The GMP and Payroll reconciliation costs are a one-off expenditure in order to meet the requirements of HMRC as a result of the introduction of the new state pension and cessation of contracting-out in defined benefit schemes. External expertise was required to complete this project in the most effective manner. The unused budget from 2017/18 has been carried forward to meet the cost incurred this year.



### Key Performance Indicators – LGSS Pensions September and October 2018

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%	September: 152 October: 156	152 156	0 0	100% 100%	Green Green	SLA target met SLA target met
Payment of retirement benefits from active employment	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%	September: 56 October: 61	56 61	0 0	100% 100%	Green Green	SLA target met SLA target met
Award dependant benefits – <b>Statutory</b>	Issue award within 5 working days of receiving all necessary information.	95%	September: 26 October: 27	26 27	0 0	100% 100%	Green Green	SLA target met SLA target met
Provide a maximum of one estimate of benefits to employees per year on request – <b>Statutory</b>	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	September: 107 October: 96	106 95	1 1	99% 99%	Green Green	SLA target met SLA target met
Provide transfer-in quote to scheme member – <b>Statutory</b>	Letter issued within 10 working days of receipt of all appropriate information.	95%	September: 22 October: 30	22 30	0 0	100% 100%	Green Green	SLA target met SLA target met
Payment of transfer out – <b>Statutory</b>	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	September: 1 October: 5	1 5	0 0	100% 100%	Green Green	SLA target met SLA target met

**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 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.

**Receipt of Employee and Employer Contributions**

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
October 2017	97.2	2.8	95.8	4.2
November 2017	98.8	1.2	98.4	1.6
December 2017	99.1	0.9	99.1	0.9
January 2018	98.6	1.4	98.6	1.4
February 2018	99.3	0.7	99.3	0.7
March 2018	99.3	0.7	98.6	1.4
April 2018	97.8	2.2	95.0	5.0
May 2018	96.7	3.3	96.9	3.1
June 2018	99.8	0.2	98.7	1.3
July 2018	99.6	0.4	98.7	1.3
August 2018	98.4	1.6	98.5	1.5
September 2018	99.5	0.5	97.2	2.8
<b>Average for period</b>	<b>98.7</b>	<b>1.3</b>	<b>98.0</b>	<b>2.0</b>





**Pension Fund Committee**

**Date:** 13 December 2018

**Report by:** Head of Pensions

<b>Subject:</b>	<b>Governance and Compliance Report</b>
<b>Purpose of the Report</b>	<p>To provide the Pension Fund Committee with:</p> <ol style="list-style-type: none"> <li>1) Information on potential, new or amending legislation affecting the LGPS;</li> <li>2) Information on other pensions legislation;</li> <li>3) Activities of the LGPS Scheme Advisory Board and the Pensions Regulator;</li> <li>4) Information on issues concerning the governance of the Local Government Pension Scheme (LGPS) on a national and local basis; and</li> <li>5) Skills and knowledge opportunities.</li> </ol>
<b>Recommendations</b>	<b>That the Pension Fund Committee notes the content of the report.</b>
<b>Enquiries to:</b>	<p>Jo Walton – Governance and Regulations Manager, LGSS Pensions Service E-mail: <a href="mailto:jwalton@northamptonshire.gov.uk">jwalton@northamptonshire.gov.uk</a></p>

## 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. Scheme Advisory Board (SAB)

### 2.1 Analysis of the LGPS Academy Sector

- 2.1.1 GAD (Government Actuary's Department) has now published the work commissioned by MHCLG (Minister of Housing Communities and Local Government) and DfE (Department for Education) to review the treatment of academies within the Local Government Pension Scheme. In particular, GAD was asked to gather evidence on the variation in treatment of academies within and across different LGPS Funds.
- 2.1.2 A summary of the findings are as follows:

- On average academies currently pay 2% of payroll less in contributions than local authorities despite being 11% worse funded on average (73% versus 84%, respectively). This reflects how academy contribution rates were set initially and the relative maturity of their liability profiles.
- There is a high degree of variability in individual contribution rates (some academies contribution rates exceed 30% of pay, whilst others pay less than 10%) and funding levels for academies both within and across Funds (some are below 25% whilst others are above 100%). A wide range is also observed for local authorities.
- The data indicates that, on the whole, academies are treated consistently with local authorities with regard to the 2016 valuation funding assumptions, suggesting that the DfE guarantee is currently being recognised by Funds.
- Given the existing approach for setting academy contribution rates, GAD would expect (material) nationwide variation between individual academy contribution rates and local authority rates to persist in the future. Further, the extent of the variation observed at the 2016 valuation could potentially increase further, particularly if there is a large increase in the number of new academies.

2.1.3 A copy of the full report can be found at the following link. -

<https://www.gov.uk/government/publications/academies-lgps-pension-arrangements>.

**2.2 Third tier employers** – At the SAB meeting on 27 June 2018, Aon presented members with a summary of the final draft report commissioned by SAB, to review the current issues in relation to third tier employers participating in LGPS funds in England and Wales. Third tier employers are classified as charities, housing associations and higher and further education establishments. On 24 September, the 102 page report was published and can be found at the following link:  
<http://www.lgpsboard.org>.

2.2.1 The report does not make any recommendations, instead, it outlines a range of issues raised by stakeholders and how they envisage these concerns being resolved. The working group will report to SAB later this year with a set of recommendations for further consideration.

2.2.2 Once approved, stakeholders will be given the opportunity to comment on SAB's recommendations before any formal approach is made to MHCLG for changes to the scheme regulations and guidance.

### **3. The Pensions Regulator**

#### **3.1 New approach to workplace pensions regulation**

3.1.1 On 17 September 2018, TPR launched a new approach to workplace pensions regulation. This new operating model directly affects the way TPR works and will be established over the next 12-18 months.

3.1.2 The four key areas from the new operating model, which will help them take forward the work they want to achieve and do it in the most effective way are:

- To work with those they regulate to ensure that the standards they expect are clear and adopted. They will ensure that pension schemes and employers comply with clear, measurable standards.
- To prevent risks to members from increasing over time through prioritisation, monitoring, supervision and early proactive intervention.

- To use a wide range of regulatory interventions through a process of systematic and escalating interaction with those they regulate. They will test, measure and adapt the way they work to continue to drive behavioural change.
- To work with their regulatory partners, stakeholders, advisors and intermediaries to deliver a comprehensive and consistent regulatory framework.

3.1.3 The Pension Regulator's making workplace pensions work publication, details their new way of operating and outlines the further changes in the future and can be found at the following link;  
<https://www.thepensionsregulator.gov.uk/docs/tpr-future-making-workplace-pensions-work>.

### **3.2 Public Service Pension Schemes Annual Governance and Administration Survey**

3.2.1 The annual governance and administration survey was issued to scheme managers of all public service pension schemes in the week commencing 5 November. The survey was web based, voluntary and could be submitted anonymously by the deadline of 30 November.

3.2.2 The response in respect of the Cambridgeshire Pension Fund was submitted prior to the deadline and was not submitted anonymously. The survey results are expected to be published in early 2019 and a full report will be submitted to the Pension Fund Committee detailing the findings.

### **3.3 Mandatory Annual Scheme Return**

3.3.1 On an annual basis the Pensions Regulator issues an annual return which if not completed and returned is regarded as a breach of the law under the Pensions Act 2004. The Pensions Regulator issued this year's survey on 25 September 2018 which was duly completed and returned prior to the deadline of 6 November 2018.

3.3.2 This year's annual return required a score as to the quality of the scheme's data in the form of common and scheme specific data defined as follows:

Common data – includes name, address, national insurance number and date of birth.  
 Scheme-specific data – pensionable pay, guaranteed minimum pensions and service history.

3.3.3 The Cambridgeshire Pension Fund's common data score was 82.21% and the scheme specific data score was 73.13%.

3.3.4 Further information on these data scores can be found in the Data Improvement Plan Update report to be presented at this meeting. It should however be noted that other LGPS Funds and other types of pension schemes will calculate their scores differently and in the first year of data scoring it would not be unreasonable to see a wide variety of scores and until such times as very specific and detailed guidance is published and mandated.

3.3.5 It is not known at this time how the Pensions Regulator will use the data scores however, the Committee will be notified if any information is released.

#### **4. 2017/18 SF3 return data**

- 4.1 The 2017/18 SF3 return data was published by MHCLG on 17 October 2018. The SF3 form collects information on Local Government Pension Scheme funds' on income (pension contributions and transfers), expenditure (pensions in payment, retirement lump sums, refunds and transfers out), membership, retirements and other activities. It also shows other associated information for the financial year 2017/18 and changes over previous years.
- 4.2 A summary of the findings in respect of the total of all English and Welsh LGPS schemes compared with Cambridgeshire can be found below:
- Total expenditure in 2017/18 was £12.7bn. Removing the effect of mergers and large transfers in 2016/17 and 2017/18 there was a like-for-like increase of £0.8bn on 2016/17. Total expenditure for Cambridgeshire was £108.8m in 2016/17 and £109.4m in 2017/18 representing an increase of £0.6m.
  - Total income was £17.4bn. Removing the effect of mergers and large transfers in 2016/17 and 2017/18, there was a like-for-like increase of £3bn or 21.4% on 2016/17. This is mainly due to the increase in employer contributions in 2017/18. Total income for Cambridgeshire was £128.7m in 2016/17 increasing to £133.3m in 2017/18.
  - Employer contributions amounted to £9.5bn in 2017/18, up by 27.7% on 2016/17 and employees contributions to the scheme were £2.1bn. Employers' contributions increased due to some large upfront pension contribution payments being made by some employers and higher contribution rates following the triennial valuation. Employer contributions for Cambridgeshire were £103m in 2017/18, increasing from £99.5m in 2016/17.
  - The market value of all LGPS funds in England and Wales at the end of March 2018 was £270.9bn, an increase of £12.1bn of 4.7%. The value of the Cambridgeshire Fund was £2.969bn at the end of March 2018 compared with £2.853bn at the end of March 2017.
  - The LGPS had a total of 5.8m members at 31 March 2018 and increased of 0.2m from 31 March 2017. This compares with Cambridgeshire Pension Fund's total membership of 80,816 at the end of March 2018 and 77,323 at the end of March 2017.
- 4.3 The full report can be found - <https://www.gov.uk/government/statistics/local-government-pension-scheme-funds-for-england-and-wales-2017-to-2018>

#### **5. Harvey v Haringey and MHCLG judgement**

- 5.1 On 30 October 2018, in the High Court Mr Justice Julian Knowles handed down his judgement on the above case that relates to the non-payment of a cohabiting partner's pension where the member left the LGPS before 1 April 2008.
- 5.2 Ms Harvey maintained that the Council's refusal to pay her a pension discriminatory and in violation of the European Convention on Human Rights. Mr Justice Julian Knowles found in favour of Haringey Council and MHCLG and dismissed the application for judicial review.
- 5.3 In his judgement Mr Justice Julian Knowles states the central and core justification running throughout this case is that spouses in the 1997 Scheme and cohabitantes of 2008 Scheme members are entitled to a pension because it was costed into the relevant Schemes and paid for. Where a member left before April 2008 the member did not pay for a cohabitee to receive a benefit, nor was it otherwise costed into the 1997 Scheme.

#### **6. MHCLG Consultation: LGPS Technical Amendments to Benefits**

- 6.1 On 4 October 2018 MHGLG released an eight-week public consultation on technical amendments to the LGPS regulations. The consultation looks at the following three areas:



- Introducing changes to provide that pensions paid to survivors of civil partners or same-sex marriages will be equal to those provided to widows of male members. The changes will be backdated to the date civil partnerships and same-sex marriages were implemented. This means that LGPS administering authorities will need to revisit all awards made under the current rules to civil and same-sex partners and pay additional sums due.
- Introduction of a general power for MHCLG to issue statutory guidance.
- Correcting the unintended error in the LGPS (Amendment) 2018 Regulations to provide that deferred members who left under the 1995 Regulations are able to take payment of their LGPS pension without the need for their former employers consent from age 55, with the appropriate reduction for early payment.

6.2 The consultation response from LGSS officers can be found in appendix 2 of this report.

## 7. Skills and knowledge opportunities – training events

- 7.1 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.
- 7.2 In order to facilitate the acquisition of skills and knowledge for members of the Pension Committee, appendix 1 lists the main events that are deemed useful and appropriate.
- 7.3 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. Risk Management

- 9.1 The Pension Committee are required to have the appropriate skills and knowledge to effectively carry out their duties. This report ensures that the Pension Committee is up to date with:
- New or amending legislation affecting the LGPS;
  - Relevant activities of the LGPS Scheme Advisory Board and the TPR that concern the governance of the (LGPS) on a national and local basis; and
  - Skills and knowledge opportunities.

- 9.2 The risks associated with Pension Committee not having the required level of knowledge and understanding have been captured in the Fund's risk register as detailed below.

<b>Risk register</b>	<b>Risk mitigated</b>	<b>Residual risk</b>
Governance (risk 1)	Failure to administer the scheme in line with regulations and policies.	Amber
Governance (risk 2)	Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively.	Amber
Governance (risk 4)	Policies and Strategies not being in place and up to date.	Green
Governance (risk 12)	Changes to the LGPS and lack of expertise in the new/revised area.	Green
Governance (risk 18)	Failure to provide adequate information to the Pension Committee/Pension Board.	Green

- 9.3 The full risk register can be found on the LGSS Pensions website at the following link:  
<http://pensions.northamptonshire.gov.uk/governance/key-documents/northamptonshire/>

## **10. Finance & Resources Implications**

- 10.1 Not applicable.

## **11. Communication Implications**

<b>Training</b>	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 None.

## **16. Appendices**

- 16.1 Appendix 1 List of training events/conferences.  
16.2 Appendix 2 MHCLG Consultation: LGPS Technical Amendments to Benefits response

<b>Checklist of Key Approvals</b>	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here.	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Head of Pensions?	Mark Whitby – 23 November 2018
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 29 November 2018
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 29 November 2018
Has this report been cleared by Monitoring Officer?	Fiona McMillan – 26 November 2018

**Appendix 1 – Internal/External training and events 2019-2020**

Date	Event	Training Credits	Target Audience	Host/Website
17-18 January 2019	LGPS Governance Conference	4	Officers, Committee/Board members	Local Government Association <a href="https://www.local.gov.uk">https://www.local.gov.uk</a>
13 February 2019	<b>LGSS Pensions Information Day</b>	2	Officers, Committee/Board Members	In house ACCESS – appointment of operator
27 February 2019 (morning)	CIPFA Spring Seminar	2	Officers only	<a href="https://www.cipfa.org/training/l/lgps-spring-officers-spring-seminar-20190227-london">https://www.cipfa.org/training/l/lgps-spring-officers-spring-seminar-20190227-london</a> Latest updates on the LGPS and regulations.
27 February 2019 (afternoon)	CIPFA Spring Seminar	2	Local Pension Board members only	<a href="https://www.cipfa.org/training/l/lgps-members-spring-seminar-20190227-london">https://www.cipfa.org/training/l/lgps-members-spring-seminar-20190227-london</a> Latest updates on the LGPS and regulations.
28 February – 01 March 2019	LGC Investment Seminar	4	Officers, Committee/Board Members	<a href="https://investmentseminar.lgcplus.com">https://investmentseminar.lgcplus.com</a> Keeping the LGPS affordable and accessible through austerity and uncertain times.
TBC	Schroders Trustee Training (Part 2)	2	Officers, Committee/Board Members	<a href="https://www.schrodersevents.co.uk/schroders/frontend/reg/thome.csp?pageID=474304&amp;eventID=1363&amp;traceRedir=2&amp;eventID=1363">https://www.schrodersevents.co.uk/schroders/frontend/reg/thome.csp?pageID=474304&amp;eventID=1363&amp;traceRedir=2&amp;eventID=1363</a> The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them
13 - 15 May 2019	PLSA Local Authority Conference	4	Officers, Committee/Board Members	<a href="https://www.plsa.co.uk/Events-Local-Authority-Conference">https://www.plsa.co.uk/Events-Local-Authority-Conference</a>
26 June 2019	Local Pension Boards' Annual Full Day Event	2	Local Pension Board members only	
3 - 4 July 2019	Heywood Class Group AGM	4	Officers	
10 – 12 July 2019	LGC Pension Fund Symposium	4	Officers	<a href="https://pensionfund.lgcplus.com">https://pensionfund.lgcplus.com</a>

TBC – Last week Sept 2019	Introduction to the LGPS	2	Officers, Committee/ Board Members	<a href="http://www.cipfa.org/training/i/introduction-to-the-lgps-201809266">http://www.cipfa.org/training/i/introduction-to-the-lgps-201809266</a> Aimed at new or inexperienced officers and elected members this course, based on the CIPFA knowledge and skills framework.
TBC	Schroders Trustee Training (Part 1)	2	Officers, Committee/ Board Members	<a href="https://www.schrodersevents.co.uk/schroders/frontend/reg/thome.csp?pageID=474304&amp;eventID=1363&amp;traceRedir=2&amp;eventID=1363">https://www.schrodersevents.co.uk/schroders/frontend/reg/thome.csp?pageID=474304&amp;eventID=1363&amp;traceRedir=2&amp;eventID=1363</a> The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them
16 - 18 October 2019	PLSA Annual Conference	4	Officers, Committee/ Board Members	<a href="https://www.plsa.co.uk/Annual-conference-and-exhibition">https://www.plsa.co.uk/Annual-conference-and-exhibition</a>
TBC	Schroders Trustee Training (Part 2)	2	Officers, Committee/ Board Members	<a href="https://www.schrodersevents.co.uk/schroders/frontend/reg/thome.csp?pageID=474304&amp;eventID=1363&amp;traceRedir=2&amp;eventID=1363">https://www.schrodersevents.co.uk/schroders/frontend/reg/thome.csp?pageID=474304&amp;eventID=1363&amp;traceRedir=2&amp;eventID=1363</a> The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them.
TBC	Pension Managers' Conference	4	Officers	<a href="https://www.savvyinvestor.net/conferences/1333719">https://www.savvyinvestor.net/conferences/1333719</a>
TBC	LAPFF Annual Conference	4	Officers, Committee/ Board Members	<a href="http://www.lapfforum.org/events/lapff-conference">http://www.lapfforum.org/events/lapff-conference</a>



Please ask for: Mark Whitby  
Email: [pensions@northamptonshire.gov.uk](mailto:pensions@northamptonshire.gov.uk)  
Tel: 01604 366537  
Our ref: LGPS Policy Consultation 04102018  
Your ref:  
Date: 29 November 2018

LGF Reform and Pensions Team  
Benefits Consultation  
Ministry for Housing, Communities  
and Local Government  
2<sup>nd</sup> Floor, Fry Building  
LONDON, SW1P 4DF

**LGSS Pensions**  
One Angel Square  
4 Angel Street  
Northampton  
NN1 1ED

Dear Sir or Madam

**Local Government Pension Scheme: Technical Amendments to Benefits  
Policy Consultation**

With reference to the policy consultation launched on 4 October 2018, I respond on behalf of LGSS Pensions as their Head of Pensions. LGSS Pensions provide the pension administration service to both Cambridgeshire County Council and Northamptonshire County Council, being the administering authorities for the Cambridgeshire Pension Fund and the Northamptonshire Pension Fund respectively.

Set out below are comments on whether the proposed approach in relation to the three specific areas of reform mentioned in the consultation is supported or not.

**Survivor Benefits**

**Amendments to benefits payable to same-sex married or civil partners**

It is noted that:

- the Government policy is that all public service pension schemes should implement changes to provide that survivors of registered civil partnerships or same-sex marriage will be provided with benefits that replicate those provided to widows, and
- the intention is that such a change to the LGPS Regulations will be implemented with retrospective effect from the respective dates that civil partnerships and same-sex marriages were first able to be entered into.

Whilst the proposal to formally amend the LGPS Regulations to address the issue of discrimination on the basis of sexual orientation following the Supreme Court's decision in the case of *Mr Walker v Innospec Ltd and others* is welcomed as far as it goes, my concern is that it may not go far enough and could therefore leave scope for yet further discrimination claims.

Given that the proposal is to provide survivors of registered civil partnerships or same-sex marriage with benefits to replicate those that would otherwise be payable to a widow regardless of the actual member's sex, it must surely only be a matter of time before a lower equivalent opposite-sex widower's pension is successfully challenged as discriminatory.

LGSS Pensions experienced the additional workload and expense of managing specific cases in both Pension Funds that were in similar circumstances to those of Ms Brewster through the protracted process from the judgement in her case to the consequences of it finally being given a formal legal footing in the LGPS in England and Wales with the Elmes judgement being determined. These costs and issues will doubtless have been replicated nationally, but more worryingly from an individual administering authority perspective there is the risk that any of them could potentially be the next one to be subjected to a new legal challenge with all of the costs and negative effects that entails.

It is for this reason that I would support the equalisation of benefits payable to widowers to those payable to widows being addressed now alongside the currently proposed amendments so as to avoid such delays, costs and issues.

#### **Power to issue statutory guidance**

The consultation document mentions the background to the proposal that the Secretary of State be given the power to issue statutory guidance on the operation of the Scheme's rules having its root in what followed the Brewster judgement.

Having been amongst those that had fully expected either amendment to the LGPS Regulations, or at the very least the issue of statutory guidance, to bring about swift resolution of 'Brewster-type cases' in the LGPS in England and Wales, the proposal is supported so long as there is provision for, and proper regard given to, appropriate consultation being undertaken in relation to both the policy intention *and* the technical implementation to be contained in any statutory guidance *before* it is issued.

Including a robust consultation requirement would go some way to allaying concerns about any potential misuse of such a power. It would also give the best chance of ensuring that the guidance is worded in such a way that it is clear, accurately reflects the policy intention, addresses any potential 'transitional' requirements and does not inadvertently introduce unintended consequences, so that its effect can be implemented in the most effective and efficient way possible.

#### **Early access to benefits for deferred members of 1995 Scheme**

The approach of bringing the 1995 Scheme deferred members into line with those deferred members covered by the later Schemes, so that they may draw benefits at any point between attained age 55 and their Normal Retirement Date, with appropriate early payment reductions, is supported.

The proposal to introduce a window of 6 months from the coming into force of the amendment to allow those members who had been prevented from getting early access to their benefits from the introduction of the original amendment in May 2018 to prevent such members being disadvantaged is also supported.



While the consultation document is silent on this matter, I would also support the removal of the requirement that a 1995 Scheme deferred member must have ceased to be in local government employment in order to draw their benefits before their Normal Retirement Date. Bringing these members into line with those covered by the later Schemes and requiring them to have left the employment to which the deferred benefit relates would seem reasonable, thereby preventing a member who had opted out prior to 1 April 1998 accessing those benefits while they were still in that same employment.

I trust that this response proves helpful and look forward to the outcome of the consultation and the introduction of the Amendment Regulations in due course.

Yours faithfully,



Mark Whitby APMI, CPFA  
Head of Pensions  
LGSS Pensions



# CAMBRIDGESHIRE PENSION FUND



## Pension Fund Committee

**Date:** 13 December 2018

**Report by:** Head of Pensions

<b>Subject:</b>	<b>Cambridgeshire Pension Fund Training Strategy 2018.</b>
<b>Purpose of the Report</b>	To present the Cambridgeshire Pension Fund Training Strategy to members of the Committee.
<b>Recommendations</b>	<b>The Committee are asked to approve the attached Cambridgeshire Pension Fund Training Strategy located in the appendix of this report.</b>
<b>Enquiries to:</b>	Michelle Oakensen, LGSS Governance Officer, <a href="mailto:moakensen@northamptonshire.gov.uk">moakensen@northamptonshire.gov.uk</a>

## 1. Background

- 1.1 The Training Strategy is required to assist the Pension Fund Committee and Local Pension Board in performing and developing their individual role with the ultimate aim of ensuring that Cambridgeshire Pension Fund is managed and assisted by individuals who have the appropriate level of knowledge and skills as required by the Pensions Act 2004 also enforced by the Pensions Regulator.
- 1.2 The current Cambridgeshire Pension Fund Training Strategy was previously agreed at the December 2016 meeting. This can be found in appendix 3. The Local Pension Board version was agreed in January 2017.
- 1.3 As the current Strategy has been in place for over 12 months it was deemed appropriate to review to ensure it remains fit for purpose.

## 2. Revisions made to the Cambridgeshire Pension Fund Training Strategy

- 2.1 The changes between the existing and revised Strategy can be found in appendix 1 of this report. The main changes are:
  - The removal of knowledge assessments;
  - One strategy for both Committee and Board members opposed to previous mirrored separate versions;
  - Reordered sections for a more logical structure; and
  - Rewording where appropriate to strengthen the strategy.
- 2.2 Based on experience of the previous strategy, some training requirements have now been made compulsory and the utilisation of reports where training is delivered.
- 2.3 It was also deemed appropriate to add in sections on meeting the objectives within the business plan, risk management and reporting to add value to the strategy.

### 3. Recommendations made by the Local Pension Board

3.1 The Training Strategy was presented at the October 2018 Local Pension Board meeting and the following recommendation was made and subsequently adopted –

- The wording under the heading ‘reporting’ has been changed to include vice chairman to cover any issues that theoretically could happen if either had not met the required level.

### 4. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
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.
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.
Continually monitor and measure clearly articulated objectives through business planning.
Deliver consistent plain English communications to stakeholders.
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.
Ensure cash flows in to and out of the Fund are timely and of the correct amount.

### 5. Risk Management

5.1 An appropriate training strategy that effectively facilitates the accrual of skills and knowledge on an individual Pension Committee and Local Pension Board member basis mitigates the following risks that have been identified and recorded on the Fund’s risk register:

Risk register	Risk mitigated	Residual risk
Governance (risk 1)	The scheme would not be administered in line with regulations and policies	Green
Governance (risk 2)	Those charged with the governance of the Fund and scheme are unable to fulfil their responsibilities effectively	Amber

5.2 The Fund’s full risk register can be found on the Fund’s website at the following link:  
<http://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire>

### 6. Finance & Resources Implications

6.1 The cost of external training courses will be met by the Fund and recorded against governance expenditure in the Fund’s annual accounts.

### 7. Communication Implications

<b>Website</b>	The Training Strategy will be published on the LGSS Pensions website.
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## **8. Legal Implications**

8.1 Not applicable

## **9. Consultation with Key Advisers**

9.1 Hymans Robertson, the Fund's Benefits and Governance Adviser at the time, were consulted in the drafting of the 2016 version of the strategy and the key concepts remain the same.

## **10. Alternative Options Considered**

10.1 There are no alternative options to be considered.

## **11. Background Papers**

11.1 Not applicable

## **12. Appendices**

12.1 Appendix 1 – Changes between the existing and revised Cambridgeshire Pension Fund Training Strategy

12.2 Appendix 2 – Cambridgeshire Training Strategy 2018.

12.3 Appendix 3 – Cambridgeshire Training Strategy 2016.

<b>Checklist of Key Approvals</b>	
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 – 29 November 2018
Has this report been cleared by Head of Pensions?	Mark Whitby – 26 November 2018
Has the Chairman of the Pension Committee been consulted?	Councillor Rogers – 29 November 2018
Has this report been cleared by Legal Services?	Fiona McMillan – 26 November 2018



## Appendix 1 – Changes between the existing and revised Cambridgeshire Pension Fund Training Strategy

The changes made on review have been made to restructure, strengthen and clarify the policy. The main changes are in the removal of assessments, combining the strategy for both Committee and Board members and reordered to a more logical structure.

Existing policy section	Title of section	Section and change in revised policy
1.	Introduction	<ul style="list-style-type: none"> <li>• <b>Removed</b> reference to training plans</li> <li>• <b>Inserted 1.7</b> clarification that the training strategy applies to Pension Fund Committee and Local Pension Board members. Officer skills and knowledge requirements will be managed through regular supervision meetings and the annual appraisal process.</li> </ul>
2.	Purpose of the Strategy	<ul style="list-style-type: none"> <li>• <b>Removed</b> 2.1.5</li> <li>• <b>Reordered</b> 2.2 is now section 3</li> </ul>
3.	Effective date	<ul style="list-style-type: none"> <li>• <b>Reworded</b> and <b>Reordered</b> now section 4 – policy review reference included</li> </ul>
4.	Review	<ul style="list-style-type: none"> <li>• <b>Reworded</b> and <b>Reordered</b> now section 5 - review period changed from annually to biannually.</li> </ul>
5.	Scope	<ul style="list-style-type: none"> <li>• <b>Removed</b> – clarification of who the policy applies to in the introduction</li> </ul>
6.	Delivery of Training	<ul style="list-style-type: none"> <li>• <b>Reordered</b> 6.1 is now section 12 - separated guidance and requirements from CIPFA, the Pensions Regulator and the Scheme Advisory Board from Cambridgeshire Pension Fund compliance requirements.</li> <li>• <b>Reworded</b> and <b>Reordered</b> 6.2 is now section 14.2</li> <li>• <b>Reworded</b> and <b>Reordered</b> 6.3 is now sections 13.6 and 13.7</li> </ul>

Existing policy section	Title of section	Section and change in revised policy
7.	Ongoing development	<ul style="list-style-type: none"> <li>• <b>Reworded</b> and <b>Reordered</b> 7.1 and 7.2 are now sections 16.1, 16.2 and 16.3</li> </ul>
8.	Training credits	<ul style="list-style-type: none"> <li>• <b>Reworded</b> and <b>Reordered</b> 8.1 and 8.2 are now sections 13.1 to 13.4</li> <li>• <b>Reworded</b> and <b>Reordered</b> table in 8.1 now section 13.5 - compulsory requirements, removal of assessments, 0.5 credit for training item at a meeting added, induction reading amended and self-assessment added in place of knowledge assessment.</li> <li>• <b>Removed</b> 8.3 - no assessments required under new policy</li> </ul>
9.	CIPFA Requirements	<ul style="list-style-type: none"> <li>• <b>Reordered</b> now in sections 6 to 8.</li> </ul>
10.	Guidance from the Scheme Advisory Board	<ul style="list-style-type: none"> <li>• <b>Reordered</b> 10.1 now sections 9.1 and 9.2</li> <li>• <b>Reordered</b> 10.2 now section 7.3</li> <li>• <b>Reordered</b> 10.3 now section 8.2 and 8.3</li> <li>• <b>Reordered</b> 10.4 now section 8.5</li> <li>• <b>Reordered</b> 10.5 now section 13.6</li> </ul>
11.	The Pensions Regulator	<ul style="list-style-type: none"> <li>• <b>Reordered</b> now section 10</li> </ul>
12.	Training records and certification	<ul style="list-style-type: none"> <li>• <b>Reworded</b> and <b>Reordered</b> now sections 14.1 and 14.2</li> </ul>
		<ul style="list-style-type: none"> <li>• <b>Added</b> the following sections – The Pensions Regulator 21<sup>st</sup> Century Trusteeship – Section 11, Markets in Financial Instruments Directive II – section 12, Meeting the Business Plan – section 13, Risk Management – section 19 and Reporting – section 20.</li> </ul>







# Cambridgeshire Pension Fund

## Training Strategy

### 2018

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## **1. Introduction**

- 1.1 This is the training strategy for the Cambridgeshire Pension Fund.
- 1.2 The training strategy is established to aid the Pension Fund Committee and Local Pension Board members in performing and developing personally in their individual roles and to equip them with the necessary skills and knowledge to act effectively in line with their responsibilities. A Code of Practice and a Knowledge and Skills Framework have been developed by CIPFA which Local Government Pension Scheme (LGPS) funds are expected to sign up to.
- 1.3 The objective of the CIPFA Knowledge and Skills Framework is to determine and set out the knowledge and skills sufficient to enable the effective analysis and challenge of decisions made by officers and advisers to the Pension Fund Committee.
- 1.4 CIPFA subsequently extended the framework to cover the training and development of Local Pension Board members. The objective is to improve knowledge and skills in all the relevant areas of activity of a Local Pension Board and assist Local Pension Board members in achieving the degree of knowledge appropriate for the purposes of enabling members to properly exercise their functions.
- 1.5 The Public Service Pensions Act 2013 has also amended The Pensions Act 2004 requiring the Pensions Regulator to issue a Code of Practice relating to the requirements of the knowledge and understanding of Local Pension Boards.
- 1.6 Guidance covering the knowledge and understanding of Local Pension Boards in the LGPS was also issued by the Scheme Advisory Board (SAB) in January 2015. Although this has not been designated as statutory guidance it should be acknowledged as best practice.
- 1.7 Knowledge and understanding of officers of the Fund will be monitored through the annual appraisal and monthly supervision meetings to ensure competency within specific job roles. For some roles the training delivered to Pension Fund Committee members and Local Pension Board members will be relevant to officers.

## **2. Strategy Objectives**

- 2.1 The Cambridgeshire Pension Fund objectives relating to knowledge and skills are to:
  - Ensure the Cambridgeshire Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise;
  - Ensure the Cambridgeshire Pension Fund is effectively governed and administered; and
  - Ensure decisions are robust, are well founded and comply with regulatory requirements or guidance from the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for the Ministry of Housing Communities and Local Government.

2.2 Pension Fund Committee members require an understanding of:

- Their responsibilities as delegated to them by Cambridgeshire County Council as an administering authority of an LGPS fund;
- The fundamental requirements relating to pension fund investments;
- The operation and administration of the Cambridgeshire Pension Fund;
- Controlling and monitoring the funding level; and
- Effective decisions in the management of the Cambridgeshire Pension Fund.

2.3 Local Pension Board members must be conversant with –

- The relevant LGPS Regulations and any other regulations governing the LGPS;
- Any document recording policy about the administration of the Cambridgeshire Pension Fund;

and have knowledge and understanding of:

- The law relating to pensions; and
- Such other matters as may be prescribed.

2.4 In addition to the Pension Fund Committee and Local Pension Board members, all those responsible for the management and administration of the LGPS will:

- receive appropriate training to fill any knowledge gaps identified; and
- seek to maintain their knowledge.

**3. How the strategy meets Cambridgeshire Pension Fund Objectives**

3.1 The strategy meets the following objectives of the Cambridgeshire Pension Fund as set out in the Business Plan and Medium Term Strategy –

- Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance;
- Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers;

- 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;
- Continually monitor and measure clearly articulated objectives through business planning; and
- Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate

#### **4. Effective date**

- 4.1 This strategy was taken to the Local Pension Board for comment on 18 October 2018 and was subsequently approved by the Pension Fund Committee on xx.

#### **5. Review**

- 5.1 This strategy is expected to be appropriate for the long-term but it will be reviewed every 2 years, and if necessary, more frequently to ensure it remains accurate and relevant.

#### **6. CIPFA's Code of Practice on Public Sector Pensions Finance, Knowledge and Skills (the "Code of Practice")**

- 6.1 CIPFA's Code of Practice, issued in 2013, embeds the requirements for the adequacy, acquisition, retention and maintenance of appropriate knowledge and skills required. It recommends (amongst other things) that LGPS administering authorities:
- formally adopt the CIPFA Knowledge and Skills Framework in its knowledge and skills statement;
  - ensure the appropriate policies and procedures are put in place to meet the requirements of the Framework (or an alternative training programme);
  - publicly report how these arrangements have been put into practice each year.
- 6.2 The Cambridgeshire Pension Fund fully supports the intentions behind CIPFA's Code of Practice and has agreed to formally adopt its principles. This training strategy formally sets out the arrangements the Cambridgeshire Pension Fund will take in order to comply with the principles of the Code of Practice.

#### **7. CIPFA Knowledge and Skills Framework – Pension Fund Committees**

- 7.1 In January 2010 CIPFA launched technical guidance for Elected Representatives on s101 Pension Committees and non-executives in the public sector within a knowledge and skills framework. The framework covers six areas of knowledge identified as the core requirements:

- Pensions legislative and governance context;
- Pension accounting and auditing standards;
- Financial services procurement and relationship development;
- Investment performance and risk management;
- Financial markets and products knowledge; and
- Actuarial methods, standards and practice.

7.2 The Knowledge and Skills Framework sets the skills required for those responsible for pension scheme financial management and decision making under each of the above areas in relation to understanding and awareness of regulations, workings and risk in managing LGPS funds.

7.3 Although the CIPFA Knowledge and Skills Framework complements the Code of Practice that should be adopted by administering authorities there is no legal requirement for knowledge and understanding for members of an s101 Pension Committee. However the view of the Cambridgeshire Pension Fund is that members of the Pension Fund Committee should have no less a degree of knowledge and skills than those required in legislation by the Local Pension Board.

## **8. CIPFA Technical Knowledge and Skills Framework – Local Pension Boards**

8.1 In August 2015 CIPFA extended the Knowledge and Skills Framework to specifically include members of Local Pension Boards, albeit there exists an overlap with the original Framework. The Framework identifies the following areas as being key to the understanding of local pension board members;

- Pensions Legislation;
- Public Sector Pensions Governance;
- Pensions Administration;
- Pensions Accounting and Auditing Standards;
- Pensions Services Procurement and Relationship Management;
- Investment Performance and Risk Management;
- Financial markets and product knowledge;
- Actuarial methods, standards and practices.



- 8.2 The role of the Local Pension Board is to assist the Scheme Manager i.e. the administering authority. To fulfil this role, Local Pension Board members should have sufficient knowledge and understanding to challenge failure to comply with regulations, any other legislation or professional advice relating to the governance and administration of the LGPS and/or statutory guidance or Codes of Practice.
- 8.3 Local Pension Board members should understand the regulatory structure of the LGPS and the documentary recording of policies around the administration of the Cambridgeshire Pension Fund in enough detail to know where they are relevant and where it will apply.
- 8.4 Local Pension Board members should commit sufficient time in their learning and development and be aware of their responsibilities immediately they take up their position. The Cambridgeshire Pension Fund will therefore provide induction information for all new Board members.
- 8.5 For the purpose of delivering the CIPFA Skills and Knowledge Framework the six modules of the Pension Fund Committee framework will be adopted.

## **9. Guidance from the Scheme Advisory Board**

- 9.1 The Scheme Advisory Board has taken note of the regulatory requirements and the principles of the Pension Regulator's Code of Practice and in January 2015 published Guidance for administering authorities to support them in establishing their Local Pension Board. The Guidance includes a section designed to help Local Pension Board members to understand their knowledge and understanding obligations.
- 9.2 Knowledge and understanding must be considered in the light of the role of a Local Pension Board and Cambridgeshire Pension Fund will make appropriate training available to assist and support members in undertaking their role.

## **10. The Pensions Regulator's E-learning toolkit**

- 10.1 The Regulator has developed an on line tool designed to help those running public service schemes to understand the governance and administration requirements in the public service schemes Code of Practice. The toolkit is an easy to use resource and covers 7 short modules. These are:
- Conflicts of Interests;
  - Managing Risk and Internal Controls;
  - Maintaining Accurate Member Data;
  - Maintaining Member Contributions;
  - Providing Information to Members and Others;
  - Resolving Internal Disputes;

- Reporting Breaches of the Law.

- 10.2 These modules are designed to apply to all public service schemes and are not LGPS specific. The toolkit is designed specifically with Local Pension Board members in mind; however in the view of Cambridgeshire Pension Fund the material covered is of equal relevance to members of the Pension Fund Committee.
- 10.3 Completion of the toolkit will not in itself provide Pension Fund Committee and Local Pension Board members with all the information they require to fulfil their knowledge and skills obligations. It does however provide a good grounding in some general areas and all members of both the Pension Fund Committee and Local Pension Board will be expected to complete the full 7 modules within 3 months of appointment.

## **11. The Pensions Regulator's 21<sup>st</sup> Century Trusteeship guidance**

- 11.1 The Pensions Regulator has launched a programme to raise the standards of governance across all workplace pension schemes. The programme includes what arrangements need to be in place to support good decision making, as follows:
- Clear roles and responsibilities and clear strategic objectives
  - A skilled, engaged and diverse Committee and Board led by an effective chair
  - Close relationships with employers, advisors and others involved in running the scheme
  - Sound structures and processes focused on outcomes
  - A robust risk management framework focused on key risks.
- 11.2 The Cambridgeshire Pension Fund will work to the standards set by the Pensions Regulator and demonstrate compliance on a yearly basis through a report to both Pension Committee and Local Pension Board each December.

## **12. Markets in Financial Instruments Directive II (MIFID II)**

- 12.1 The Cambridgeshire Pension Fund need to demonstrate a high level of skills and knowledge across the Committee and Board to enable the Fund to opt-up and be recognised as an professional investor rather than a retail investor to continue to receive advice and access to investment products at a level commensurate with the types of investment required for the Fund.
- 12.2 Failure to adequately demonstrate a high level of collective skills and knowledge across the Pension Committee and Local Pension Board could result in the loss of professional investor status and therefore access to the appropriate investment opportunities.
- 12.3 As a result of this Directive a number of training opportunities as detailed in section 15 of this strategy have been made compulsory.

### **13. Meeting the deliverables in the Annual Business Plan and Medium Term Strategy**

- 13.1 There will be times in when particular training will need to be delivered in order to assist the Pension Fund Committee and Local Pension Board in their roles in connection with the key deliverables as detailed in the Annual Business Plan and Medium Term Strategy.
- 13.2 These deliverables include, but are not limited to, activity such as the review and approve the Funding Strategy Statement as part of the triennial Actuarial Valuation, Specific training in relation to this activity will be delivered at the appropriate time to ensure effective decisions are made.

### **14. Delivery of training**

- 14.1 Consideration will be given to various training resources available in delivering training to the Pension Fund Committee and Local Pension Board members. These may include but are not restricted to:
- In-house and shared training events with Northamptonshire Pension Fund where it improves economy, efficiency and effectiveness
  - Self-improvement and familiarisation with regulations and documents
  - The Pension Regulator's e-learning programme
  - Attending courses, seminars and external events
  - Internally developed training days and pre/post meeting sessions
  - Shared training with other funds or frameworks
  - Regular updates from officers and/or advisers
  - Circulated reading material

### **15. Training credits**

- 15.1 As a measure of training given or knowledge level, Pension Fund Committee and Local Pension Board members are desired to have a minimum level of training credits. Credits will be awarded in recognition of attendance at training event or for attendance at relevant industry events or seminars. This approach recognises that members of the Pension Fund Committee and Local Pension Board may have different learning styles, while at the same time requiring that an appropriate core level of knowledge is attained.
- 15.2 Members of the Pension Fund Committee and the Local Pension Board will each be expected to accumulate 18 credits over a rolling 2 year period.
- 15.3 Credits can be obtained in any combination but the credit level has been set at a level which will require commitment to and attendance at internal and external training events. Credits will be measured and monitored by LGSS Pensions in conjunction with the Chairman/Chairwoman of the Pension Fund Committee or Board over rolling 2-year period.

15.4 It is acknowledged that where an individual is new to the role there will be a lead-in period before the member will be expected to demonstrate the full range of knowledge and skills. New members will be encouraged to familiarise themselves with the Fund and their roles and responsibilities within 3 months of appointment

15.5 Credits will be awarded in accordance with the following guide:

<b>Method of attaining credit</b>	<b>Number of credits awarded (valid for 2 years)</b>
Completion of a single module of the Pensions Regulators e-learning toolkit. There are 7 modules in total – <b>compulsory</b> .	1 credit per module passed.
Completion of a module of the CIPFA Knowledge and Skills Framework – <b>compulsory</b> .	2 credits per module passed (up to a maximum of 4 credits per event).
Successful completion a self-assessment on the CIPFA Competencies – <b>compulsory</b> .	2 credits.
Induction reading (within 3 months of appointment) – <b>compulsory</b>	2 credits.
Attendance at the Pension Fund Committee or Pension Board meeting where a training item is delivered.	0.5 credit per item.
Attendance at an approved conference, seminar or external training event	2 credit for a full day's attendance 1 credit for a half day's attendance.
All other relevant training	1 credit – member to inform officers of training undertaken.
Training provided/organised by the LGSS Pensions Service	1 - 4 credits as deemed appropriate by Officers dependent upon the content and length of training provided.

15.6 A list of training events will be updated regularly and will monitored to ensure all training recommended to members remains relevant. It is recognised that a rigid training plan can frustrate knowledge attainment when too inflexible and therefore a range of learning opportunities will therefore be offered to deliver the appropriate level of detail required.

15.7 After attendance at an internal or external event, Pension Fund Committee and Local Pension Board members will be expected to provide feedback either via a relevant meeting or a feedback form which will be issued by officers covering the following points:

- Their view on the value of the event and the merit, if any, of attendance;
- A summary of the key learning points gained from attending the event; and

- Recommendations of any subject matters at the event in relation to which training would be beneficial to other Pension Fund Committee or Local Pension Board members.

## **16. Training records**

- 16.1 A training record will be sent to members at the end of each 6 month period to ensure members are able to keep a personal record of training undertaken and to monitor the credits they have attained.
- 16.2 To be effective, training must be recognised as a continual process and will be centred on 3 key points
- The individual;
  - The general pensions environment;
  - Coping with change and hot topics.

## **17. Measurement**

- 17.1 In order to identify whether we are meeting the objectives of this strategy we will:
- 1) Compare and report on attendance at training based on the following –
    - Individual Training Needs – ensuring training on the key elements takes place for each individual at least once every 2 years.
    - Risk Based Training – attendance by at least 80% of the required Pension Fund Committee and Local Pension Board members at planned core training.
    - Induction reading/training needs analysis assessment carried out upon appointment and reviewed after 2 years to ensure all areas have been addressed.
  - 2) Participate in the following each year –
    - Carry out a review of our governance arrangements.
    - Manage the completion of effectiveness reviews by both Pension Fund Committee and Local Pension Board members.

## **18. Maintaining knowledge**

- 18.1 In addition to undertaking ongoing training on the CIPFA skills and knowledge requirements, members are expected to maintain their knowledge of ongoing development through attendance at internal/external events and seminars where appropriate.
- 18.2 Appropriate attendance at events for representatives of the Pension Fund Board and Pension Fund Committee will be determined by Officers of the Fund.

- 18.3 Owing to the changing world of pensions, it will also be necessary to have ad hoc training on emerging issues or on a specific subject on which a decision it to be made in the near future.

## 19. Risk Management

- 19.1 The risks associated with the delivery of a successful training strategy is as follows:

Risk	Mitigation
Frequent changes in membership of the Pension Fund Committee or Pension Board	Training Strategy in operation and reviewed regularly, new starter information provided to all new members which includes links to key documents etc.
Poor individual commitment	Attendance and training is monitored by officers of the Fund and the Chairman/Chairwoman of the Committee/Board. Attendance is reported in the Fund's Annual Report and Statement of Accounts. Both lack of attendance and lack of training is addressed with the individual when deemed appropriate.
Resources not being available	A wide variety of training opportunities are offered to Committee and Board members via the Governance and Compliance Report.
Poor standards of training	Where appropriate external advisors who are experts in their field deliver training to cover the CIPFA skills and knowledge framework. Other in house training is delivered by officers with specific knowledge in a particular area. External courses are vetted to ensure they are relevant before being added to the list of courses available. Feedback is sought after events are attended.

- 19.2 The risks will be monitored within the scope of the training strategy and the risk register will be amended where appropriate.

## 20. Reporting

- 20.1 On a yearly basis the Chairman/Chairwoman of the Pension Fund Committee and Local Pension Board will be provided with the credits that have been attained by each member and the collective over view of training of the Pension Fund Committee and Board.
- 20.2 Any members who have not attained at least 70% of the required credits will be highlighted to the Chairman/Chairwoman or the Vice Chairman/Woman where appropriate for action (for new members this will be proportioned). In the first instance this will be a conversation with the member to establish if there are any circumstances prohibiting them to attain credits at the appropriate rate, an element of discretion from the Chairman/Chairwoman can be applied in these circumstances. If no adequate reason provided for lack of credits a plan of action will be agreed upon, if not agreed the Chairman/Chairwoman in conjunction with the Head of Pensions can agree a further sanction.

- 20.3 Training events will be highlighted at every meeting as part of the Governance and Compliance Report, members are expected to make officers aware of any events that are of interest. Core training is expected to be taken up in the first instance as it has been specifically designed to cover the CIPFA core competencies and is therefore compulsory.

## **21. Costs**

- 21.1 All training costs relating to this training strategy are met by Cambridgeshire Pension Fund.





# Cambridgeshire Pension Fund

## Training Strategy

### 2016

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## 1. Introduction

- 1.1 This is the training strategy for the Cambridgeshire Pension Fund.
- 1.2 The training strategy is established to aid the Pension Committee and Local Pension Board members in performing and developing personally in their individual roles and to equip them with the necessary skills and knowledge to act effectively in line with their responsibilities. A Code of Practice and a Knowledge and Skills Framework have been developed by CIPFA which Local Government Pension Scheme (LGPS) funds are expected to sign up to.
- 1.3 The objective of the CIPFA Knowledge and Skills Framework is to determine and set out the knowledge and skills sufficient to enable the effective analysis and challenge of decisions made by officers and advisers to the Pensions Committee.
- 1.4 CIPFA subsequently extended the framework to cover the training and development of Local Pension Board members. The objective is to improve knowledge and skills in all the relevant areas of activity of a Local Pension Board and assist Local Pension Board members in achieving the degree of knowledge appropriate for the purposes of enabling members to properly exercise their functions.
- 1.5 The Public Service Pensions Act 2013 has also amended The Pensions Act 2004 requiring the Pensions Regulator to issue a Code of Practice relating to the requirements of the knowledge and understanding of Local Pension Boards.
- 1.6 Guidance covering the knowledge and understanding of Local Pension Boards in the LGPS was also issued by the Scheme Advisory Board (SAB) in January 2015. Although this has not been designated as statutory guidance it should be acknowledged as best practice.
- 1.7 The training necessary to achieve the additional knowledge and skills will be set out in the appropriate training plan(s) and assessed and recorded.

## 2. Purpose of the Strategy

### 2.1 Strategy Objectives

- 2.1.1 The Cambridgeshire Pension Fund objectives relating to knowledge and skills are to:
  - Ensure the Cambridgeshire Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise;
  - Ensure the Cambridgeshire Pension Fund is effectively governed and administered; and

- Ensure decisions are robust, are well founded and comply with regulatory requirements or guidance from the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for Communities and Local Government

2.1.2 To achieve these objectives –

2.1.3 Members of the Pension Committee require an understanding of:

- Their responsibilities as delegated to them by Cambridgeshire County Council as an administering authority of an LGPS fund;
- The fundamental requirements relating to pension fund investments;
- The operation and administration of the Cambridgeshire Pension Fund;
- Controlling and monitoring the funding level; and
- Effective decisions in the management of the Cambridgeshire Pension Fund.

2.1.4 Local Pension Board members must be conversant with –

- The relevant LGPS Regulations and any other regulations governing the LGPS;
- Any document recording policy about the administration of the Cambridgeshire Pension Fund;

and have knowledge and understanding of:

- The law relating to pensions; and
- Such other matters as may be prescribed.

2.1.5 To assist in achieving these objectives, the Cambridgeshire Pension Fund will aim for full compliance with the CIPFA Knowledge and Skills Framework and Code of Practice to meet the skill set within that Framework. Attention will also be given to the guidance issued by the Scheme Advisory Board, the Pensions Regulator and guidance issued by the Secretary of State. So far as is possible, targeted training will also be provided that is timely and directly relevant to the Pension Committee's and the Local Pension Board's activities as set out in the Fund Business Plan. For example, funding training will be given immediately preceding the meeting that discusses the Funding Strategy Statement.

2.1.6 In addition to the Pension Committee and Local Pension Board members, all those with decision making responsibility in relation to LGPS will:

- have their knowledge measured and assessed;
- receive appropriate training to fill any knowledge gaps identified; and
- seek to maintain their knowledge.

## **2.2 How the strategy meets Cambridgeshire Pension Fund Objectives**

2.2.1 The strategy meets the following objectives of the Cambridgeshire Pension Fund as set out in the Business Plan and Medium Term Strategy -

- Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance;
- Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers;
- 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;
- Continually monitor and measure clearly articulated objectives through business planning; and
- Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate

### **3. Effective date**

3.1 This strategy was approved by the Pension Committee on 24 March 2017 and is effective from 25 March 2017.

### **4. Review**

4.1 This strategy is expected to be appropriate for the long-term but it will be reviewed annually, and if necessary, more frequently to ensure it remains accurate and relevant.

### **5. Scope**

5.1 This policy applies to -

- members of the Pension Committee;
- members of the Local Pension Board; and
- officers of the Fund

### **6. Delivery of Training**

#### **6.1 Training Resources**

6.1.1 Consideration will be given to various training resources available in delivering training to the Pension Committee and Local Pension Board members. These may include but are not restricted to:

For Pension Committee and Local Pension Board Members	For Officers
<ul style="list-style-type: none"> <li>• In-house – shared training events where possible</li> <li>• Self-improvement and familiarisation with regulations and documents</li> <li>• The Pension Regulator's e-learning programme</li> <li>• Attending courses, seminars and external events</li> <li>• Internally developed training days and pre/post meeting sessions</li> <li>• Shared training with other funds or frameworks</li> <li>• Regular updates from officers and/or advisers</li> <li>• Circulated reading material</li> </ul>	<ul style="list-style-type: none"> <li>• Desktop / work based training</li> <li>• Attending courses, seminars and external events</li> <li>• Training for qualifications from recognised professional bodies (e.g. CIPFA, CIPP, PMI)</li> <li>• Internally developed sessions</li> <li>• Shared training with other funds or frameworks</li> <li>• Circulated reading material</li> </ul>

## 6.2 Training Plans

6.2.1 To be effective, training must be recognised as a continual process and will be centred on 3 key points

- The individual;
- The general pensions environment;
- Coping with change and hot topics.

6.2.2 Training plans will be developed at least on an annual basis. These will be updated as required taking account of the identification of any knowledge gaps, changes in legislation, key events (e.g. the triennial valuation) and receipt of updated guidance.

6.2.3 Induction training will be provided for all new officers with pension responsibilities, members of the Pension Committee and members of the Local Pension Board. This will involve covering the requirements of the training strategy alongside guidance and information on the requirements of their roles.

### **6.3 External Events**

- 6.3.1 A log of potential external events which may count towards credits will be maintained on an ongoing basis. This will be updated as information on events becomes available and will be provided at Pension Committee and Local Pension Board meetings. If an event occurs before the next meeting is convened, members will be advised by email.
- 6.3.2 After attendance at an external event, Pension Committee and Local Pension Board members will be expected to provide feedback via a feedback form which will be issued by Officers covering the following points:
- Their view on the value of the event and the merit, if any, of attendance;
  - A summary of the key learning points gained from attending the event; and
  - Recommendations of any subject matters at the event in relation to which training would be beneficial to other Pension Committee or Local Pension Board members.
- 6.3.3 Officers attending external events will be expected to report to their direct line manager with feedback covering the following points:
- Their view on the value of the event and the merit, if any, of attendance;
  - A summary of the key learning points gained from attending the event; and
  - Recommendations of any subject matters at the event in relation to which training would be beneficial to other officers.

## **7. Ongoing development**

### **7.1 Maintaining Knowledge**

- 7.1.1 In addition to undertaking on-going assessment in order to measure knowledge and skills against the CIPFA requirements and identify knowledge gaps, Officers, Pension Committee and Local Pension Board members are expected to maintain their knowledge of on-going developments and issues through attendance at external events and seminars.
- 7.2.1 Appropriate attendance at events for representatives of the Pension Committee and Local Pension Board will be agreed by the appropriate Chairman. Attendance at events for officers will be agreed via their relevant line manager.
- 7.2.2 A list of future events and seminars will be presented at each Pension Committee and Local Pension Board meeting. If an event occurs before the next meeting is convened, members will be advised by email.

- 7.2.3 The Head of Pensions will decide an appropriate level of credits for attendance at an event depending on the type of event, its content and relevance to knowledge maintenance but based on the guide given in section 8 below. The level of credit may then be re-evaluated when receiving feedback (see 6.3 above).
- 7.2.4 In any event, attendance at events and seminars (which may include some internal training sessions) that are not direct training courses focussed on the CIPFA Knowledge Skills Framework or issued guidance but enhance and improve related on-going and emerging pension knowledge will count as one credit for each session of up to a half day.
- 7.2.5 Owing to the changing world of pensions, it will also be necessary to have ad hoc training on emerging issues or on a specific subject on which a decision is to be made by the Committee in the near future or is subject to review by the Board. These will also count as credits in maintaining knowledge.
- 7.2.6 Given the importance of the roles of Chairman of the Pension Committee and Chairman of the Local Pension Board in leading and shaping the direction of their respective bodies, it is expected that they will both be able to demonstrate an additional level of knowledge and skills to that required by the other members of the Pension Committee and Local Pension Board.

## 8. Recording Training

### 8.1 Training Credits

- 8.1.1 As a measure of training given or knowledge level, Pension Committee and Local Pension Board members are desired to have a minimum level of training credits. Credits will be awarded in recognition of attendance at training events, successful completion of recognised training assessment or for attendance at relevant industry events or seminars. This approach recognises that members of the Pension Committee and Local Pension Board may have different learning styles, while at the same time requiring that an appropriate core level of knowledge is attained.
- 8.1.2 Credits will be awarded in accordance with the following guide:



Method of attaining credit	Number of credits awarded
Completion of a single module of the Pensions Regulators e-learning toolkit. There are 7 modules in total.	1 credit per module passed and valid for 2 years.
Completion of a module of the CIPFA Knowledge and Skills Framework. 8 modules in total with 4 events scheduled per year.	2 credits per module passed and valid for 2 years (a pass being awarded for achieving at least 2/3rds of the available marks).
Successful completion on a knowledge assessment upon appointment to either the Committee or Board.	2 credits valid for 2 years.
Successful completion of a knowledge assessment following a training event organised by the Cambridgeshire Pension Fund. This would typically be held as part of a full Pension Committee or Local Pension Board meeting. There will be a minimum of 2 training sessions per year.	1 credit per session and valid for 2 years.
Attendance at an approved conference, seminar or external training event	2 credit for a full day's attendance. 1 credit for a half day's attendance. Credits valid for 2 years
All other relevant training	1 credit – member to inform officers of training undertaken
Induction training upon appointment	2 credits
Training provided/organised by the LGSS Pensions Service	2 credits

## 8.2 Number of credits required

8.2.1 Members of the Pension Committee and the Local Pension Board will each be desired to accumulate 18 credits over a rolling 2 year period.

8.2.2 Credits can be obtained in any combination but the credit level has been set at a level which will require commitment to and attendance at Cambridgeshire Pension Fund training events as well as successful completion of training assessments. Credits will be measured and monitored by LGSS Pensions in conjunction with the Chairman of the Committee or Board over rolling 2-year period.

8.2.3 It is acknowledged that where an individual is new to the role there will be a lead-in period before the member will be expected to demonstrate the full range of knowledge and skills. New members will be encouraged to undertake induction training within 6 months of appointment. To ensure continuity around elections, Councillors will be encouraged to attend in house training when relevant.

8.2.4 A training record will be sent to members after each credit is attained to ensure members are able to keep a personal record of training undertaken and to monitor the credits they have attained.

### **8.3 Scorecard**

8.3.1 For the purposes of disclosing the level of knowledge and understanding of through the scorecard mechanism, the following will be recorded separately for the Pension Committee and Local Pension Board:

- Total number of credits possible collectively in the period in question for a new member joining after that date;
- Total number of credits achieved collectively in the same period.

8.3.2 The latter score will be flagged as green if this represents at least 90% of the potential target, amber for between 60% and 89% (inclusive) and red if below 60%.

8.3.3 Separately, LGSS Pensions will hold a record of each individual's training credits split between attendance and assessment and will be shared with the chairman of the relevant Pension Committee or Local Pension Board on an annual basis.

## **9. CIPFA Requirements**

### **9.1 CIPFA Knowledge and Skills Framework**

9.1.1 In January 2010 CIPFA launched technical guidance for Elected Representatives on s101 Pension Committees and non-executives in the public sector within a knowledge and skills framework. The framework covers six areas of knowledge identified as the core requirements:

- Pensions legislative and governance context;
- Pension accounting and auditing standards;
- Financial services procurement and relationship development;
- Investment performance and risk management;
- Financial markets and products knowledge; and
- Actuarial methods, standards and practice.

- 9.1.2 The Knowledge and Skills Framework sets the skills required for those responsible for pension scheme financial management and decision making under each of the above areas in relation to understanding and awareness of regulations, workings and risk in managing LGPS funds.

## **9.2 Local Pension Boards: A Technical Knowledge and Skills Framework**

- 9.2.1 In August 2015 CIPFA extended the Knowledge and Skills Framework to specifically include members of Local Pension Boards, albeit there exists an overlap with the original Framework. The Framework identifies the following areas as being key to the understanding of local pension board members;

- Pensions Legislation;
- Public Sector Pensions Governance;
- Pensions Administration;
- Pensions Accounting and Auditing Standards;
- Pensions Services Procurement and Relationship Management;
- Investment Performance and Risk Management;
- Financial markets and product knowledge;
- Actuarial methods, standards and practices.

## **9.3 CIPFA's Code of Practice on Public Sector Pensions Finance, Knowledge and Skills (the "Code of Practice")**

- 9.3.1 CIPFA's Code of Practice, issued in 2013, embeds the requirements for the adequacy, acquisition, retention and maintenance of appropriate knowledge and skills required. It recommends (amongst other things) that LGPS administering authorities:

- formally adopt the CIPFA Knowledge and Skills Framework in its knowledge and skills statement;
- ensure the appropriate policies and procedures are put in place to meet the requirements of the Framework (or an alternative training programme);
- publicly report how these arrangements have been put into practice each year.

- 9.3.2 The Cambridgeshire Pension Fund fully supports the intentions behind CIPFA's Code of Practice and has agreed to formally adopt its principles. This training strategy formally sets out the arrangements the Cambridgeshire Pension Fund will take in order to comply with the principles of the Code of Practice.

## 10. Guidance from the Scheme Advisory Board

### 10.1 General Principles

10.1.1 The Scheme Advisory Board has taken note of the regulatory requirements and the principles of the Pension Regulator's Code of Practice and in January 2015 published Guidance for administering authorities to support them in establishing their Local Pension Board. The Guidance includes a section designed to help Local Pension Board members to understand their knowledge and understanding obligations.

10.1.2 Knowledge and understanding must be considered in the light of the role of a Local Pension Board and Cambridgeshire Pension Fund will make appropriate training available to assist and support members in undertaking their role.

### 10.2 Committee Members

10.2.1 Although the CIPFA Knowledge and Skills Framework complements the Code of Practice that should be adopted by administering authorities there is no legal requirement for knowledge and understanding for members of an s101 Pension Committee. However the view of the Cambridgeshire Pension Fund is that members of the Pension Committee should have no less a degree of knowledge and skills than those required in legislation by the Local Pension Board. Sections 10.3 to 10.5 below are therefore still relevant in the consideration of the training needs of Pension Committee members.

### 10.3 Degree of Knowledge and Understanding

10.3.1 The role of the Local Pension Board is to assist the Scheme Manager i.e. the administering authority. To fulfil this role, Local Pension Board members should have sufficient knowledge and understanding to challenge failure to comply with regulations, any other legislation or professional advice relating to the governance and administration of the LGPS and/or statutory guidance or Codes of Practice.

10.3.2 Local Pension Board members should understand the regulatory structure of the LGPS and the documentary recording of policies around the administration of the Cambridgeshire Pension Fund in enough detail to know where they are relevant and where it will apply.

### 10.4 Acquiring, Reviewing and Updating Knowledge and Understanding

10.4.1 Local Pension Board members should commit sufficient time in their learning and development and be aware of their responsibilities immediately they take up their position. The Cambridgeshire Pension Fund will therefore provide induction training for all new Board members.

## **10.5 Flexibility**

10.5.1 It is recognised that a rigid training plan can frustrate knowledge attainment when too inflexible to reflect a change in pension law or new responsibilities required of the Local Pension Board. Learning programmes will therefore be flexible to deliver the appropriate level of detail required.

## **11. The Pensions Regulator**

### **11.1 E-learning toolkit**

11.1.1 The Regulator has developed an on line tool designed to help those running public service schemes to understand the governance and administration requirements in the public service schemes Code of Practice. The toolkit is an easy to use resource and covers 7 short modules. These are:

- Conflicts of Interests;
- Managing Risk and Internal Controls;
- Maintaining Accurate Member Data;
- Maintaining Member Contributions;
- Providing Information to Members and Others;
- Resolving Internal Disputes;
- Reporting Breaches of the Law.

11.1.2 These modules are designed to apply to all public service schemes and are not LGPS specific. The toolkit is designed specifically with Local Pension Board members in mind; however in the view of Cambridgeshire Pension Fund the material covered is of equal relevance to members of the Pension Committee. Completion of the toolkit will not in itself provide Pension Committee and Local Pension Board members with all the information they require to fulfil their knowledge and skills obligations. It does however provide a good grounding in some general areas and all members of both the Pension Committee and Local Pension Board will be expected to complete the full 7 modules over time.

## **12. Training records and certification**

### **12.1 Progress and achievement**

12.1.1 Training plans will be used to document and address any knowledge gaps and update areas of learning where required and assist in the acquisition of new areas of knowledge in the event of change

12.1.2 Progress and achievement will be certificated at least on an annual basis individually to all Pension Committee and Local Pension Board members.

These will detail:

- The current assessment of an individual's acquired knowledge;
- Their progress against achieving the credits from other internal/external training or events; and
- All training courses and events attended by them to date.

# CAMBRIDGESHIRE PENSION FUND



## Pension Fund Committee

**Date:** 13 December 2018

**Report by:** Head of Pensions

<b>Subject:</b>	<b>Data Improvement Plan Progress Report</b>
<b>Purpose of the Report</b>	To present the Pension Fund Committee a report that details progress made against the Pension Fund Data Improvement Plan.
<b>Recommendations</b>	The Committee are asked to note the contents of the report.
<b>Enquiries to:</b>	Joanne Walton, Governance and Regulations Manager <a href="mailto:jwalton@northamptonshire.gov.uk">jwalton@northamptonshire.gov.uk</a>

## 1. Background

- 1.1 The primary purpose of the Cambridgeshire Pension Fund is to pay the correct pension benefits to its members when they become due. It is therefore essential that the Fund achieves and maintains the highest possible data quality standards.
- 1.2 The Public Service Pensions Act 2013 (effective from 1 April 2014) increased the powers of the Pensions Regulator to ensure that public service pension schemes had appropriate measures in place to ensure high standards of governance and administration.
- 1.3 The Pensions Regulator articulated these standards through the code of practice 14 – governance and administration of public service pension schemes. The code addresses the need for high standards of accurate data and states that schemes must regularly review the data held and put in place a Data Improvement Plan to address any issues.
- 1.4 To demonstrate to the Pensions Regulator that the Fund has reviewed the quality of its data and has an ongoing approach to ensuring appropriate processes are in place to consistently hold accurate data, a Data Improvement Policy and a Data Improvement Plan has been established.
- 1.5 This report is to provide the Pension Fund Committee with details of the progress made against the Data Improvement Plan and will be presented at each meeting.
- 1.6 A summary of the items on the Data Improvement Plan can be found in appendix 1.

## 2. Data Improvement Plan Activities

- 2.1 The activities on the Data Improvement Plan that are currently in progress are as follows:

## 2.2 Resolution of unprocessed leaver records

**Purpose of activity:** To process all the unprocessed leaver benefits in accordance with the member's entitlement under the LGPS regulations.

**Timescale for completion:** As detailed in the table below.

**On target for completion:** As detailed in the table below.

Activity	Status	RAG Status
Ring fence and baseline backlog volumes	Completed	G
Re-engineer refund process so pension record frozen whilst member response awaited	Completed	G
Freeze all outstanding unclaimed refunds	Completed where Leaving Certificate on file	G
Issue entitlement award to all cases where member is a confirmed leaver	Completed	G
Move cases with nil contributions to "no liability" status (effectively non-starters)	Completed	G
Inform large employers that we will be placing greater reliance on their submitted data necessitating improved employer-side quality assurance processes	Completed and reminders sent	G
Introduce reduced validation of employer data for data submitted from October 2018	Completed	G
Trial bulk processing for single job Deferred Benefit cases	Completed and now operational	G
Request all missing leaving certificates (potentially circa 3,000) from relevant scheme employers and warn about timeliness of information	By end December 2018	R
Deferred benefit (multi) – Experienced officer to identify required casework and package up work for less experienced officers to process	Process cases by End June 2019	A
Introduce new altair pick-up solution to facilitate increased processing	Completed	G
Amalgamation – Investigate and propose action plan for these cases	Plan by end March 2019 Process from July 2019	G
Roll out i-Connect to all employers to remove year end processing	By end December 2019	G



**Progress to date:** From the baseline position 653 unprocessed leaver cases have now been completed.

Benefit Type	Refunds	Deferred Benefit (single)	Deferred Benefit (multi)	Amalgamation	Total
Baseline	507	442	1,492	3,382	5,823
October 2018	307	384	1,349	3,130	5,170

## 2.3 Contracted-out liabilities reconciliation

**Purpose of activity:** To compare contracted-out liabilities held on scheme records with that held by HMRC.

**Timescale for completion:** The reconciliation stage of this activity must complete with HMRC by 31 December 2018 as it will not be possible to make any amendments to liability ownership or raise any additional queries with HMRC after this date. The rectification of variances will commence in 2019, the date and duration of which will be defined once the final number of variances are known.

**On target for completion:** ITM Limited have provided regular assurances that they have raised all 'first time' queries with HMRC by the deadline of 31 October 2018 and that they will have raised all queries that haven't been resolved on first presentation by HMRC's final deadline date of 31 December 2018.

**Progress to date:** The latest update report from ITM Limited dated 16 November 2018 confirms that 84% of member's contracted out liability has been reconciled. 2% of records are pending processing by ITM Limited following receipt of information from HMRC and 16% of records are have been sent to HMRC for query resolution. It is expected that 1.6% of the queries that are with HMRC will not be resolved until March 2019. The total amount of records in scope of this project is 74,618.

## 2.4 Pensioner Payroll vs Pensions Administration reconciliation and rectification

**Purpose of activity:** To resolve variances in the amount of pension in payment on the pensioner payroll with that held on the administration record. Instances of over or underpayments of members' pensions have been identified.

**Timescale for completion:** 31 March 2019

**On target for completion:** Yes

**Progress to date:** During the initial reconciliation stage that ran between August and December 2017 1,123 out of the 1,614 initial variances were found to be correctly in payment, requiring only amendments to the administration record to correct the apparent variance.

The opening position for the rectification stage of the project which commenced in January 2018 was a total of 491 cases. During the rectification of the 491 cases 116 have so far

been found to be correctly in payment leaving only 375 variances resulting in either an underpayment or overpayment of pension that required rectification.

As at the time of writing this report 219 out of 252 underpayment cases have been fully processed with the member's pension corrected to the right annual rate and with arrears and interest paid. There are a further 33 potential underpayment cases that are significantly more complex to resolve or may interact with the contracted-out project.

To date 21 out of 123 overpayment cases have been addressed. In these cases members have been contacted to notify them that their pension has been overpaid and that it will be reduced to the correct rate. Where the value of the overpayment is in excess of £100, the member has been asked to repay the overpayment by a reduction to their ongoing pension.

Of the 21 members that have been written to advising that they have been overpaid 4 have agreed to repay in full and 2 members have agreed to ongoing deductions from their monthly pension. 6 members' pensions have been corrected with the small overpayment written off in line with the Fund's Overpayment of Pension Policy. Correspondence is ongoing with the remaining 9 members.

It is anticipated that some of the remaining 102 overpayment cases will also prove to have the correct values in payment.

### 3. Relevant Fund objectives

Continually monitor and measure clearly articulated objectives through business planning.
Maintain accurate records and ensure data is protected and used for authorised purposes only.

### 4. Risk Management

- 4.1 The Pension Fund Committee approved the Data Improvement Policy and Data Improvement Plan in October 2018 and officers will keep both documents under constant review. The plan details the identified data improvement activities that need to be undertaken and the progress of these activities is reported through the Data Improvement Plan Progress report presented to the Pension Fund Committee and Local Pension Board at every meeting.
- 4.2 The risks associated with failing to monitor progress against the Data Improvement Plan have been captured in the Fund's risk register as detailed below.

Risk register	Risk mitigated	Residual risk
Governance (risk 1)	The scheme would not be administered in line with regulations and policies	Green
Governance (risk 2)	Those charged with the governance of the Fund and scheme are unable to fulfil their responsibilities effectively	Amber

- 4.3 The Fund's full risk register can be found on the Fund's website at the following link:  
<http://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

## 5. Communication Implications

<b>Direct Communications</b>	The Data Improvement Plan Progress report will be presented to the Pension Fund Committee at its quarterly business meetings.
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## 6. Legal Implications

- 6.1 Not applicable

## 7. Consultation with Key Advisers

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

## 8. Alternative Options Considered

- 8.1 Not applicable

## 9. Background Papers

- 9.1 Data Improvement Policy and Data Improvement Plan  
<https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/791/Committee/16/Default.aspx>

## 10. Appendices

- 10.1 Appendix 1 – Data Improvement Activities

<b>Checklist of Key Approvals</b>	
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 29 November 2018
Has this report been cleared by Head of Pensions?	Mark Whitby – 26 November 2018
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 29 November 2018
Has this report been cleared by Legal Services?	Fiona McMillan – 26 November 2018

**Appendix 1 – Full list of data improvement activities for the 2018/19 financial year.**

<b>Key action/task</b>	<b>Nov 18</b>	<b>Dec 18</b>	<b>Jan 19</b>	<b>Feb 19</b>	<b>Mar 19</b>	<b>Apr 19</b>	<b>May 19</b>	<b>Jun 19</b>	<b>Jul 19</b>	<b>Aug 19</b>	<b>Sep 19</b>	<b>Oct 19</b>	<b>Nov 19</b>	<b>Dec 19</b>	<b>Jan 20</b>	<b>Feb 20</b>	<b>Mar 20</b>
Resolution of awaiting entry records to correct membership status			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Resolution of unprocessed leaver records	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Contracted out liabilities reconciliation	✓	✓															
Contracted out liabilities rectification – duration to be confirmed following end of reconciliation stage			✓														
Rectification of Pensions Increase errors		✓	✓	✓													
Pensioner Payroll vs Pensions Administration reconciliation and rectification	✓	✓	✓	✓	✓												
Member tracing and morality screening – duration to be confirmed following procurement process			✓														
Resolution of common data fails as identified in the 2018 data audit			✓	✓	✓												
Resolution of scheme specific data fails identified in the 2018 data audit			✓	✓	✓												





# CAMBRIDGESHIRE PENSION FUND



## Pension Committee

Date: 13 December 2018

Report by: Head of Pensions

<b>Subject:</b>	<b>Administering Authority Discretions Policy</b>
<b>Purpose of the Report</b>	To present the Pension Committee with an updated Administering Authority Discretions Policy for approval
<b>Recommendations</b>	<b>The Committee are asked to consider and approve the updated Administering Authority Discretions Policy</b>
<b>Enquiries to:</b>	Name – Jo Walton, Governance and Regulations Manager E-mail – jwalton@northamptonshire.gov.uk

### 1. Background

- 1.1 There are a number of areas within Local Government Pension Scheme (LGPS) legislation that provide either the administering authority (i.e. Cambridgeshire County Council as guardian of the Fund) or individual employers participating in the Fund with flexibility over how the particular provision is exercised. In some cases there is a specific requirement for a policy decision in relation to such provisions to be published.
- 1.2 This report presents a comprehensive “Administering Authority Discretions Policy” for consideration by the Pension Fund Committee. The proposed policy is only dealing with the discretions required to be exercised by Cambridgeshire County Council in its role as an administering authority. These policy decisions will apply to all employers and scheme members in the Cambridgeshire Pension Fund and not just Cambridgeshire County Council.
- 1.3 On the whole, administering authority discretions have little risk attached to them and relate to day to day operational matters.
- 1.4 In October 2012 the Cambridgeshire Pension Fund Board (as it was then) agreed a set of proposed policies in relation to the exercise of the discretions that may be exercised by the administering authority. This was the first time that the Fund had such a comprehensive set of policies in place in relation to the exercise of their discretions.
- 1.5 Those policies were reviewed and updated in June 2014 following the introduction of the ‘new look’ LGPS on 1 April 2014.
- 1.6 Having a set of formally approved policies in this way fosters good governance and assists LGSS Pensions to administer the Fund with consistency.

## 2. Draft Policy

- 2.1 The introduction of The Local Government Pension Scheme (Amendment) Regulations 2018 (S.I. 2018 No. 493), which came into force on 14 May 2018, brought a handful of changes in relation to discretions and it is therefore an opportune time to review and update the existing discretions and the Regulation references so that they remain meaningful and appropriate. Appendix 1 provides a comprehensive list of all administering authority discretions that the Fund may now exercise, together with the relevant regulation references and the proposed policy.
- 2.2 The majority of the proposed policies reflect those already in place. As already mentioned, however, there are some changes and additions to implement and in order to draw attention to these, they have had a grey shading added so they stand out from the ones that it is recommended stay the same as when last agreed in June 2014. Brief details of the shaded, new or changed, discretions are set out below.

### 2.3 Scheme Management

- 2.3.1 **Delegations:** This reflects an existing discretion that was in operation whereby the administering authority had delegated certain functions and these were documented in the Council's Constitution but were not reflected in the Administering Authority Discretions Policy document.
- 2.3.2 **Local Pension Board:** There are entries documenting the position on three discretions relating to local pension boards:
- It is possible to establish a joint pension board in certain circumstances. The entry simply records that this option has not been taken up.
  - Procedures applicable to the local pension board were required and these have been decided and are documented elsewhere.
  - Specific appointment and removal procedures were required along with terms of appointment and membership of the local pension board. These have been decided and are documented elsewhere.
- 2.4 **Disputes:** There are updates to the five discretions concerning the Scheme's Internal Dispute Resolution Procedure (IDRP); those that relate purely to Regulation reference updates and retitling of the Guides to the IDRP have not been highlighted.
- The first shaded update simply records the long standing position that the Head of Pensions is the Stage 1 adjudicator for disputes arising from administering authority decisions.
  - The second reflects a change in that Cambridgeshire County Council's Monitoring Officer is now making decisions on behalf of the administering authority when at Stage 2 of the formal IDRP they are called upon to reconsider a decision that has been disputed, which was initially made by either the administering authority or a Cambridgeshire Pension Fund Scheme employer. This was formerly undertaken by the LGSS Director of Law & Governance Northamptonshire and Cambridgeshire.



## **2.5 Admission Agreements and Employer Management:**

- 2.5.1 There are some minor Regulation referencing changes which are not highlighted. Those discretions that are highlighted relate to:
- A clarifying note relating to the purpose of the discretion, in that it requires a definition of what “in connection with” means in the context detailed.
  - New discretions that:
    - permit the backdating of an admission agreement; this was introduced primarily to address issues nationwide whereby admission agreements were, for a variety of reasons, not always being executed in time for transfers of staff (introduced 14 May 2018; effective date 1 April 2014).
    - Permit suspension for up to 3 years of an obligation for what would otherwise be an exiting employer to pay an exit payment to the Fund if they are likely to again have active members within an agreed suspension period (introduced 11 April 2015; effective date 1 April 2014).
    - Permit an extension to the period of 3 months within which the Fund must pay an exit credit to an exiting employer, subject to the agreement of the exiting employer (introduced and effective from 14 May 2018).

The proposed policy on each of these is that the decision be taken by the Head of Pensions taking into consideration the advice of the Fund Actuary and, with the final one above, the exiting employer agreeing.

## **2.6 Payments relating to Death:**

- 2.6.1 From 14 May 2018 the administering authority’s absolute discretion over who to make lump sum payments due on the death of a member to (within the scope of permissible recipients set out in the Regulations) now extends to lump sums from Additional Voluntary Contribution (AVC) funds and Shared Cost AVC funds which previously would have had to be paid to the deceased’s Personal Representatives.

In updating the nature of the discretion, the opportunity has been taken to propose a rewording of how the discretion will be exercised; the intention of the wording is to make it clear that appropriate details will be sought before making a decision and all circumstances will be considered when coming to a decision. Taking this approach demonstrates that discretion is being exercised appropriately taking account of circumstances; this is important in guarding against challenges to the way the discretion has been exercised.

## **2.7 Discretions relating to employers which are no longer Scheme employers:**

- 2.7.1 These have been highlighted purely because the ‘turning on the 85 year rule’ and ‘waiving reductions’ discretion provisions apply in slightly different circumstances now that those that left active membership before 1 April 2014 with deferred benefits have, following the Amendments from 14 May 2018, the ability to draw benefits once they have attained age 55 and before age 60 without requiring the consent of their former employer.

The exercise of such discretions is usually determined by the former Scheme employer, however where the member’s former employer is no longer a Scheme employer in the Fund it falls to the administering authority to determine.

There is no change proposed to the way that the discretion will be exercised.

## **2.8 Discretion under the Registered Pension Schemes (Modification of Scheme Rules) Regulations 2011:**

- 2.8.1 This policy relating to the circumstances when a member's application to have Voluntary Scheme Pays apply in relation to an Annual Allowance Charge they have incurred as a result of membership of the LGPS in the Cambridgeshire Pension Fund was approved by the Committee at the 19 October 2017 meeting but had not previously been added to the published Administering Authority Discretions Policy document.

## **3. Relevant Pension Fund Objectives –**

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>Objective 1</i>
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. <i>Objective 2</i>

## **4. Finance and resource implications**

- 4.1 There are no finance or resource implications associated with this proposal

## **5. Risk Management**

- 5.1 There are a number of areas within Local Government Pension Scheme legislation that provide either the administering authority or individual employers participating in the Fund with flexibility over how some provisions are exercised. There is a requirement for there to be an Administering Authority Discretions Policy in place.
- 5.2 The risks associated with Pension Committee not giving full consideration to the Policy have been captured in the Fund's risk register as detailed below.

<b>Risk register</b>	<b>Risk mitigated</b>	<b>Residual risk</b>
Governance (risk 1)	Failure to administer the scheme in line with regulations and policies.	Amber
Governance (risk 2)	Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively.	Amber
Governance (risk 4)	Policies and Strategies not being in place and up to date.	Green
Governance (risk 12)	Changes to the LGPS and lack of expertise in the new/revised area.	Green
Governance (risk 18)	Failure to provide adequate information to the Pension Committee/Pension Board.	Green

- 5.3 The full risk register can be found on the LGSS Pensions website at the following link: <http://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

## 6. Communication Implications

<b>Website</b>	Discretions will need to be published to the website within 1 month of approval
<b>Training</b>	LGSS Pensions staff will need to be informed of the approved discretionary policies, and any changes to current policy highlighted.

## 7. Legal Implications

- 7.1 Consideration has been given to the requirements of the Local Government Pension Scheme Regulations in drafting the relevant policies.

## 8. Consultation with Key Advisers

- 8.1 The policy recommendations were reached as a result of discussions between Officers in LGSS Pensions and input from the Fund's benefits consultancy adviser, Aon.

## 9. Alternative Options Considered

- 9.1 This review incorporates all identified administering authority discretions, including historic regulations. In undertaking the review, consideration has been given to the efficacy of any existing policy, possible alternatives where they exist as well as best practice across other LGPS Funds. .

## 10. Background Papers

- 10.1 Not applicable

## 11. Appendices

- 11.1 Appendix 1 - Proposed Administering Authority Discretions Policy

<b>Checklist of Key Approvals</b>	
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 Chief Finance Officer/Section 151 Officer?	Sarah Heywood – 29 November 2018
Has this report been cleared by Head of Pensions?	Mark Whitby – 26 November 2018
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 29 November 2018
Has this report been cleared by Legal Services?	Fiona McMillan – 26 November 2018



## Appendix 1

### CAMBRIDGESHIRE PENSION FUND – Proposed statement of policy on Administering Authority Discretions

<b>Key Strategies and Policies</b>		
<b>Regulation No.</b>	<b>Description of Discretion</b>	<b>Administering Authority Policy</b>
<b><u>R 55</u></b> Governance compliance statement	Governance Compliance Statement must state whether the administering authority delegates its function or part of its function in relation to maintaining a pension fund to a committee, a sub-committee or an officer of the administering authority. If the administering authority does so delegate, the statement must include: <ul style="list-style-type: none"> <li>- the terms, structure and operational procedures appertaining to the delegation;</li> <li>- the frequency of any committee or sub-committee meetings, whether such a committee or sub-committee includes representatives of Scheme employers or members and, if so, whether they have voting rights;</li> <li>- the extent to which a delegation, or the absence of a delegation, complies with Secretary of State guidance and, to the extent it does not so comply, state the reasons for not complying; and</li> <li>- the terms, structure and operational procedures appertaining to the local pension board.</li> </ul>	See separate Governance Compliance Statement <a href="http://pensions.cambridgeshire.gov.uk/app/uploads/2018/01/Governance-Policy-and-Compliance-Statement.pdf">http://pensions.cambridgeshire.gov.uk/app/uploads/2018/01/Governance-Policy-and-Compliance-Statement.pdf</a>
<b><u>R 58</u></b> Funding strategy	Decide on Funding Strategy for inclusion in funding strategy statement.	See Funding Strategy Statement available here <a href="http://pensions.cambridgeshire.gov.uk/app/uploads/2012/10/Cambridgeshire-Funding-Strategy-Statement-2016.pdf">http://pensions.cambridgeshire.gov.uk/app/uploads/2012/10/Cambridgeshire-Funding-Strategy-Statement-2016.pdf</a>
<b><u>R 59(1) and (2)</u></b> Pension administration strategy	Whether to have a written pension administration strategy and, if so, the matters it should include.	The Fund has a Pension Administration Strategy which will be reviewed on a regular basis. Performance of the administering authority and the employers in the Fund will also be monitored against the targets and standards in the strategy and reported to the Pension Fund Board. The latest version is available here <a href="http://pensions.cambridgeshire.gov.uk/app/uploads/2017/09/AdministrationStrategy2017Final.pdf">http://pensions.cambridgeshire.gov.uk/app/uploads/2017/09/AdministrationStrategy2017Final.pdf</a>

<b>Key Strategies and Policies (continued)</b>		
<b>Regulation No.</b>	<b>Description of Discretion</b>	<b>Administering Authority Policy</b>
<b><u>R 61</u></b> Communication policy	Communication policy must set out the policy on provision of information and publicity to, and communicating with, members, representatives of members, prospective members and Scheme employers; the format, frequency and method of communications; and the promotion of the Scheme to prospective members and their employers.	The fund's communications strategy is available here <a href="http://pensions.cambridgeshire.gov.uk/app/uplo17/04/2017-Communications-Strategy.pdf">http://pensions.cambridgeshire.gov.uk/app/uplo17/04/2017-Communications-Strategy.pdf</a>

<b>Scheme Management</b>		
<b>Regulation No.</b>	<b>Description of Discretion</b>	<b>Administering Authority Policy</b>
<b><u>R 105(2)</u></b> Delegations	Whether to delegate any administering authority functions under the Regulations.	The Administering Authority does delegate certain functions to senior officers and to the Pension Fund Committee as appropriate. Details of these are set out in the Council's Constitution and summarised in the Governance Policy and Compliance Statement. <a href="http://pensions.cambridgeshire.gov.uk/app/uploads/2018/01/Governance-Policy-and-Compliance-Statement.pdf">http://pensions.cambridgeshire.gov.uk/app/uploads/2018/01/Governance-Policy-and-Compliance-Statement.pdf</a>
<b><u>R 106(3)</u></b> Local Pension Board	Whether to establish a joint local pension board (if approval has been granted by the Secretary of State).	The Administering Authority did not establish a joint pension board.
<b><u>R 106(6)</u></b> Local Pension Board	Decide procedures applicable to the local pension board.	Procedures have been decided, and are detailed in the local pension board's terms of reference, which can be provided upon request.
<b><u>R 107(1)</u></b> Local Pension Board	Decide appointment and removal procedures, terms of appointment, and membership of the local pension board.	The appointment procedures and terms have been decided, and are detailed in the local pension board's terms of reference. The membership of the local pension board is set out on the Pension Fund's website.

<b>Disputes</b>		
<b>Regulation No.</b>	<b>Description of Discretion</b>	<b>Administering Authority Policy</b>
<a href="#"><u>R 74(1)</u></a> Internal Dispute Resolution Procedure	Appoint a person for dealing with applications under Stage One of the dispute resolution procedures (IDRP) in relation to any disputes relating to the role as Administering Authority.	The Head of Pensions is appointed as the Stage 1 adjudicator.
<a href="#"><u>R 74(4) &amp; TP 23</u></a> Internal Dispute Resolution Procedure	Whether to extend six month period to lodge a stage one IDRP appeal.	Decision delegated to the Head of Pensions, as the Stage 1 adjudicator, to consider each case on its own merits.
<a href="#"><u>R 74(6) &amp; TP 23</u></a> Internal dispute resolution procedure	Decide procedure to be followed by adjudicator when exercising stage one IDRP functions and decide the manner in which those functions are to be exercised.	The Head of Pensions is appointed as the Stage 1 adjudicator. Procedure set out in the Fund's: - A Guide To Resolving Disputes About An Administering Authority Pension Decision Made By, Or On Behalf Of, Cambridgeshire County Council.
<a href="#"><u>R 76(4) &amp; TP 23</u></a> Internal Dispute Resolution Procedure	Decide procedure to be followed by administering authority when exercising its stage two IDRP functions and decide the manner in which those functions are to be exercised.	Procedure set out in the Fund's: - A Guide To Resolving Disputes About An Employer's Pension Decision, and - A Guide To Resolving Disputes About An Administering Authority Pension Decision Made By, Or On Behalf Of, Cambridgeshire County Council. Stage 2 adjudicator is Cambridgeshire County Council's Monitoring Officer.
<a href="#"><u>R 79(2) &amp; TP23</u></a> Internal Dispute Resolution Procedure	Whether administering authority should appeal to the Secretary of State against employer decision (or lack of a decision).	Decision delegated to the Head of Pensions to consider each case on its own merits.

Admission Agreements and Employer Management		
Regulation No.	Description of Discretion	Administering Authority Policy
<a href="#">R 3(1A), R 3(5) and Sch 2, Part 3, Para 1</a> Admission Body agreements	Whether to agree to an admission agreement with a body applying to be an admission body.	See separate Admission and Bulk Transfer Policy. <a href="http://pensions.cambridgeshire.gov.uk/app/uploads/2012/10/Cambridgeshire-Admitted-body-Scheme-employer-and-bulk-TV-policy-Final-20152.pdf">http://pensions.cambridgeshire.gov.uk/app/uploads/2012/10/Cambridgeshire-Admitted-body-Scheme-employer-and-bulk-TV-policy-Final-20152.pdf</a>
<a href="#">R 4(2)(b)</a> Admission Body agreements	Whether to agree to an admission agreement with a Care Trust, NHS Scheme employing authority or Care Quality Commission.	See separate Admission and Bulk Transfer Policy. <a href="http://pensions.cambridgeshire.gov.uk/app/uploads/2012/10/Cambridgeshire-Admitted-body-Scheme-employer-and-bulk-TV-policy-Final-20152.pdf">http://pensions.cambridgeshire.gov.uk/app/uploads/2012/10/Cambridgeshire-Admitted-body-Scheme-employer-and-bulk-TV-policy-Final-20152.pdf</a>
<a href="#">R Sch 2, Part 3, para 9(d)</a> Admission Body agreements	Whether to terminate an admission agreement in the event of <ul style="list-style-type: none"> <li>insolvency, winding up or liquidation of the body.</li> <li>breach by that body of its obligations under the admission agreement.</li> <li>failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so.</li> </ul>	See separate Admission and Bulk Transfer Policy. <a href="http://pensions.cambridgeshire.gov.uk/app/uploads/2012/10/Cambridgeshire-Admitted-body-Scheme-employer-and-bulk-TV-policy-Final-20152.pdf">http://pensions.cambridgeshire.gov.uk/app/uploads/2012/10/Cambridgeshire-Admitted-body-Scheme-employer-and-bulk-TV-policy-Final-20152.pdf</a>
<a href="#">R Sch 2, Part 3, para 12(a)</a> Admission Body agreements	Employees of a contractor are only entitled to remain in the LGPS whilst they continue to be employed in connection with the original services that were transferred. Define what the term “ <b>in connection with</b> ” means in the context of “only employees of the body who are employed <b>in connection with</b> the provision of the service or assets referred to in that sub-paragraph may be members of the Scheme”.	See separate Admission and Bulk Transfer Policy. <a href="http://pensions.cambridgeshire.gov.uk/app/uploads/2012/10/Cambridgeshire-Admitted-body-Scheme-employer-and-bulk-TV-policy-Final-20152.pdf">http://pensions.cambridgeshire.gov.uk/app/uploads/2012/10/Cambridgeshire-Admitted-body-Scheme-employer-and-bulk-TV-policy-Final-20152.pdf</a>
<a href="#">R Sch 2, Part 3, para 14</a> Admission Body agreements	The start date of an admission agreement may be set to be earlier than the date the admission agreement is executed.	The decision whether to backdate an admission will be made by the Head of Pensions taking into consideration the advice of the Fund Actuary.
<a href="#">R 54(1)</a> Separate admission agreement fund	Whether to set up a separate admission agreement fund.	Separate admission agreement funds will not be set up as normal practice. Any such decision would need to be agreed by the Pension Fund Committee taking into consideration guidance from the Fund Actuary.
<a href="#">R 64(2A)</a> Exiting employers	Whether to suspend (by way of issuing a suspension notice), for up to 3 years, an employer's obligation to pay an exit payment where the employer is again likely to have active members within the specified period of suspension.	This will be decided by the Head of Pensions taking into consideration the advice of the Fund Actuary.
<a href="#">R 64(2ZA)</a> Exiting employers	Whether to extend the period by which to pay an exit credit beyond 3 months from the date an Employer ceases to be a Scheme Employer.	This will be decided by the Head of Pensions, taking into consideration the advice of the Fund Actuary and by agreement with the exiting employer.



<b>Admission Agreements and Employer Management (continued)</b>		
<b>Regulation No.</b>	<b>Description of Discretion</b>	<b>Administering Authority Policy</b>
<a href="#"><u>R 64(4)</u></a> Revised Rates and Adjustment Certificates	Whether to obtain revision of employer's contribution rate if there are circumstances which make it likely a Scheme employer will become an exiting employer.	Delegated jointly to the Head of Pensions and Section 151 Officer, and to be agreed in co-operation with the Fund Actuary See separate Admission and Bulk Transfer Policy. <a href="http://pensions.cambridgeshire.gov.uk/app/uploads/2012/10/Cambridgeshire-Admitted-body-Scheme-employer-and-bulk-TV-policy-Final-20152.pdf">http://pensions.cambridgeshire.gov.uk/app/uploads/2012/10/Cambridgeshire-Admitted-body-Scheme-employer-and-bulk-TV-policy-Final-20152.pdf</a>
<a href="#"><u>R 68(2)</u></a> <a href="#"><u>TP Sch 2, Para 2(3)</u></a> <a href="#"><u>L 80(5)</u></a> Employer strain payments	Whether to require any strain on Fund costs to be paid "up front" by an employer following redundancy / business efficiency, flexible retirement, or the waiver (in whole or in part) of any actuarial reduction on voluntary or flexible retirement, or the waiver of an actuarial reduction on compassionate grounds under TP Sch 2, para 2(1).	The administering authority will recharge all strain on the fund costs in accordance with the Rates and Adjustment Certificate and guidance produced by the Fund Actuary. Payment should normally be made within 12 months of the effective date in the form of lump sum. This may be extended to up to three years if jointly agreed by the Head of Pensions and the Section 151 Officer.
<a href="#"><u>R 80(1)(b)</u></a> <a href="#"><u>TP 22(1)</u></a> <a href="#"><u>TP 23</u></a> Provision of Information by Employers	Specify information to be supplied by employers to enable administering authority to discharge its functions.	The Head of Pensions will specify the information to be provided by employers. Some information requirements may also be contained within the Administration Strategy. <a href="http://pensions.cambridgeshire.gov.uk/app/uploads/2017/09/AdministrationStrategy2017Final.pdf">http://pensions.cambridgeshire.gov.uk/app/uploads/2017/09/AdministrationStrategy2017Final.pdf</a>
<a href="#"><u>R 69(1)</u></a> Employer Payments	Decide frequency of payments to be made over to Fund by employers and whether to make an administration charge for late receipt.	Payments must be made in accordance with Pensions Act (made monthly by 19 <sup>th</sup> of the month following payroll). Any administration charge will be in accordance with the Fund's Administration Strategy. <a href="http://pensions.cambridgeshire.gov.uk/app/uploads/2017/09/AdministrationStrategy2017Final.pdf">http://pensions.cambridgeshire.gov.uk/app/uploads/2017/09/AdministrationStrategy2017Final.pdf</a>
<a href="#"><u>R 69(4)</u></a> Employer Payments	Decide form and frequency of information from employers to accompany payments to the Fund.	Information should be provided on a monthly basis unless a less frequent basis is agreed with the Head of Pensions.
<a href="#"><u>R 70</u></a> <a href="#"><u>TP 22(2)</u></a> Employer Payments	Whether to issue employer with notice to recover additional costs incurred as a result of the employer's level of performance.	See Separate Administration Strategy. <a href="http://pensions.cambridgeshire.gov.uk/app/uploads/2017/09/AdministrationStrategy2017Final.pdf">http://pensions.cambridgeshire.gov.uk/app/uploads/2017/09/AdministrationStrategy2017Final.pdf</a>
<a href="#"><u>R 71(1)</u></a> Employer Payments	Whether to charge interest on payments by employers which are overdue.	The Fund will charge employers interest for persistently making late payments to the Fund. Delegated authority is given to the Head of Pensions to apply a charge on a case by case basis, taking into consideration the administrative cost involved in raising the charges.

Admission Agreements and Employer Management (continued)		
Regulation No.	Description of Discretion	Administering Authority Policy
<a href="#">R 36(3)</a> <a href="#">A 56(2)</a> <a href="#">L 97(10)</a> Approved medical advisors for ill health retirements	Approve medical advisors used by employers (for ill health benefits).	Delegated powers have been given to the Head of Pensions to determine in advance of a referral whether an employer can use an alternative Occupational Health Provider to Cambridgeshire County Council's own provider, and where approval is granted whether it is reasonable to use the practitioner proposed as the Independent Registered Medical Practitioner (IRMP) for pension purposes.

Payments relating to Death		
Regulation No.	Description of Discretion	Administering Authority Policy
<a href="#">R 17(12)</a> , <a href="#">40(2)</a> , <a href="#">43(2)</a> & <a href="#">46(2)</a> <a href="#">TP 17(5) to (8)</a> <a href="#">B 23(2)</a> , <a href="#">32(2)</a> & <a href="#">35(2)</a> <a href="#">T Sch1</a> <a href="#">L 38(1)</a> & <a href="#">155(4)</a> <a href="#">R95 E8</a> Payments on death	The Administering Authority may, at its absolute discretion, pay any death grant due (including AVCs, SCAVCs and life assurance relating to AVCs) to or for the benefit of the deceased member's nominee, personal representatives or any person appearing to the authority to have been a relative or dependent of the member. This also relates to councillor members.	Delegated authority has been given to the Head of Pensions to determine the recipient of death grants. Details of prospective recipients will be sought and considered in all cases. Payment will <i>normally</i> be made: <ul style="list-style-type: none"> <li>• in accordance with the member's expression of wish, or</li> <li>• where no expression of wish was made, to the member's surviving spouse, civil partner or 'cohabiting partner' (as defined in Schedule 1 to the LGPS Regulations 2013).</li> </ul> Where the above payment options appear inappropriate based on the details of prospective recipients received, the Head of Pensions will determine whether payment will be made to, or divided in whatever proportions(s) they see fit between, the deceased's personal representative (in that capacity), one or more surviving nominees, and any person appearing to have been a relative or dependant of the deceased member. The County Council will ensure the details of current nominees will be included on annual benefit statements so that scheme members are given opportunity to revise nominations as part of the annual benefit statement exercise.

<b>Payments relating to Death (continued)</b>		
<b>Regulation No.</b>	<b>Description of Discretion</b>	<b>Administering Authority Policy</b>
<a href="#">R 82(2)</a> <a href="#">A 52(2)</a> <a href="#">L 95</a> Benefits due in respect of deceased persons	Whether to pay sums due to personal representatives or anyone appearing to be beneficially entitled to the estate without need for grant of probate / letters of administration where payment is less than amount specified in s6 of the Administration of Estates (Small Payments) Act 1965.	Where the total of the sums payable from the Scheme falls below the amount specified in s6 of the Administration of Estates (Small Payments) Act 1965 (£5,000 since 1984) sight of grant of probate or letters of administration is not required for payment. The decision as to the beneficiary is made on a case by case basis by the Head of Pensions.
<a href="#">R Sch 1</a> <a href="#">TP 17(9)(b)</a> Cohabiting partner	Decide evidence required to determine financial dependence of cohabiting partner on scheme member or financial interdependence of cohabiting partner and scheme member.	Where a member dies and a potential cohabiting partner is identified, delegated authority is given to the Head of Pensions to decide on a case by case basis by taking account of the LGPS regulatory requirements, what evidence the partner will be asked to provide by the way of appropriate documents and paperwork to prove either dependency or interdependency.
<a href="#">TP 3(6)</a> , <a href="#">4(6)(c)</a> , <a href="#">8(4)</a> , <a href="#">10(2)(a)</a> & <a href="#">17(2)(b)</a> <a href="#">B 10(2)</a> Final Pay	Where member to whom B10 applies (use of average of 3 years pay within the period of 13 years ending with the last day of active membership for final pay purposes) dies before making an election, whether to make that election on behalf of the deceased member.	The pay figure that will provide the greatest benefit will be applied in all cases.
<a href="#">TP 3(6)</a> , <a href="#">4(6)(c)</a> , <a href="#">8(4)</a> , <a href="#">10(2)(a)</a> & <a href="#">17(2)(b)</a> <a href="#">T Sch1</a> <a href="#">L 23(9)</a> Certificate of protection	Make election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts / restrictions occurring pre 1.4.08.).	The most advantageous final pay period for the member will be used in all cases.
<a href="#">R Sch 1 "Eligible Child"</a> <a href="#">TP 17(9)</a> Child in education	Decide to treat child (who has not reached the age of 23) as being in continuous education or vocational training despite a break	A break of 1 academic year or less should be ignored. Authority is delegated to the Head of Pensions to extend this period in exceptional circumstances
<a href="#">L 47(1)</a> <a href="#">R95 G11(1)</a> Children's pensions	Apportionment of children's pension amongst eligible children.	Payment will be apportioned equally amongst the eligible children unless there are exceptional circumstances, when authority is delegated to the Head of Pensions to determine an appropriate apportionment.

<b>Payments relating to Death (continued)</b>		
<b>Regulation No.</b>	<b>Description of Discretion</b>	<b>Administering Authority Policy</b>
<a href="#">B 27(5)</a> <a href="#">L 47(2)</a> <a href="#">R95 G11(2)</a> Children's pensions	Whether to pay the whole or part of a child's pension to another person for the benefit of the child.	Payment will be made to a parent or guardian where the child is aged below 17, with payment made direct to the child in all other circumstances. In these cases, the parent or guardian must sign a written statement confirming that the pension will be used for the benefit of the child.
<a href="#">R95 F7</a> Survivors pension	Suspension of spouses' pensions during remarriage or cohabitation.	Resolved that spouse's pensions are not ceased on re-marriage or cohabitation that took place or commenced on or after 1 April 1998 but are payable for life. This brought equity with post 31 March 1998 retirees/leavers with deferred benefits.

<b>Transferring or Linking Benefits</b>		
<b>Regulation No.</b>	<b>Description of Discretion</b>	<b>Administering Authority Policy</b>
<a href="#">R 98(1)(b)</a> Bulk Transfer	Agree to bulk transfer payment.	See separate Admission and Bulk Transfer Policy. <a href="http://pensions.cambridgeshire.gov.uk/app/uploads/2012/10/Cambridgeshire-Admitted-body-Scheme-employer-and-bulk-TV-policy-Final-20152.pdf">http://pensions.cambridgeshire.gov.uk/app/uploads/2012/10/Cambridgeshire-Admitted-body-Scheme-employer-and-bulk-TV-policy-Final-20152.pdf</a>
<a href="#">R 100(6)</a> Transfer in time limit extension	Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS.	This will be on a case by case basis with delegated authority given to the Head of Pensions. The member's employer must also agree to any extension.
<a href="#">R 100(7)</a> Transfer of pension rights	Allow transfer of pension rights into the Fund.	Transfers into the Fund will be permitted.
<a href="#">TP 10(9)</a> Concurrent aggregation choice	Where there are multiple ongoing employments, in the absence of an election from the member within 12 months of ceasing a concurrent employment, decide to which record the benefits from the ceased concurrent employment should be aggregated.	The power to determine this is delegated to the Head of Pensions. (The assessment will be based on which of the concurrent employments continuing immediately after leaving the employment in question is considered the main ongoing employment. This assessment being made based on which employment has the greatest annual rate of pensionable pay based on pay that would be pensionable under Regulation 20 of the LGPS Regulations 2013).
<a href="#">L 118</a> Contributions Equivalent Premium	Retention of CEP where member transfers out.	Where HMRC will accept payment of the CEP, this should be made. If they will not for any reason the CEP should be retained.

<b>Other Miscellaneous Discretions</b>		
<b>Regulation No.</b>	<b>Description of Discretion</b>	<b>Administering Authority Policy</b>
<a href="#"><u>L 106A(5)</u></a> Annual Deferred Benefit Statement	Date to which benefits shown on annual deferred benefit statement are calculated.	Calculated as at first Monday in each tax year so as to coincide with the effective date of the Pensions Increase Review Order
<a href="#"><u>TP 3(13)</u></a> <a href="#"><u>A 70(1)</u></a> & <a href="#"><u>71(4(c))</u></a> Abatement on re-employment	Decide policy on abatement of pre 1 April 2014 element of pensions in payment following re-employment.	Members who are in receipt of an augmented pension or annual compensation (where additional pension, additional membership or a credited period has been awarded by their former employer) due to early retirement on the grounds of redundancy or in the interests of efficiency should have any pension based on pre 1 April 2014 membership assessed for reduction or suspension on re-employment that offers membership of the LGPS. The pension in respect of any pre 1 April 2014 membership will be reduced by the excess of the annual rate of pay on commencing the new job, or at any material change, plus the annual rate of pension in payment at that date in respect of any pre 1 April 2014 membership over the annual rate of pay of the former employment on the last day used in calculating the Final Pay that the pension was based on (revalued by pension increase); where the excess is greater than the annual rate of pension in respect of pre 1 April 2014 membership in payment, that pension will be suspended. The reduction or suspension will continue until the employment ends or there is a reassessment due to a material change.
<a href="#"><u>R 22(3)(c)</u></a> Pension Account	Pension account may be kept in such form as is considered appropriate.	Pension accounts will be held electronically using the Altair pension administration software.
<a href="#"><u>R 83</u></a> <a href="#"><u>A 52A</u></a> Member unable to deal with their own affairs	Whether, where a person (other than an eligible child) is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit.	This will be on a case by case basis with delegated authority given to the Head of Pensions.
<a href="#"><u>R 16(1)</u></a> Minimum Additional Pension Contributions / Shared Cost Additional Pension Contributions	Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (e.g. where the sum being paid is very small and could be paid as a single payment).	There is no minimum monthly payment required for entering into an APC/SCAPC contract.

<b>Other Miscellaneous Discretions (continued)</b>		
<b>Regulation No.</b>	<b>Description of Discretion</b>	<b>Administering Authority Policy</b>
<a href="#">R 16(10)</a> Request medical for APC/SCAPC	Whether to require a satisfactory medical before agreeing to an application to pay an APC / SCAPC.	A scheme member wishing to pay APC/SCAPC should be required to complete a declaration, countersigned by their General Practitioner, that they are in reasonably good health, prior to being permitted to commence payment, EXCEPT where the payments are to purchase pension no more than that which is to cover a period of absence, when no such declaration shall be required.
<a href="#">R 16(1)</a> Proof of good health for APC / SCAPC	Whether to turn down an application to pay an APC / SCAPC if not satisfied that the member is in reasonably good health.	Where a scheme member wishing to pay APC/SCAPC does not provide a declaration, countersigned by their General Practitioner, that they are in reasonably good health, their application to pay APC/SCAPC will be turned down, UNLESS the payments are to purchase pension no more than that which is to cover a period of absence, when no such declaration shall be required.
<a href="#">R 32(7)</a> Flexible retirement time limit	Whether to extend the time limits within which a member must give notice of the wish to draw benefits before normal pension age or upon flexible retirement.	The advance notice required for payment of benefits before normal pension age will be shortened from 3 months to 1 month. A notice that benefits are to be paid on flexible retirement should be given no more than 1 month after the reduction in hours and/or grade, i.e. the period will not be extended.
<a href="#">TP 15(1)(c)</a> <a href="#">T Sch1</a> <a href="#">L 83(5)</a> Added years contributions	Extend time period for capitalisation of remaining contributions to an added years contract in cases of redundancy.	This will be considered on a case by case basis with delegated authority given to the Head of Pensions.
<a href="#">R 34(1) &amp; 39(1)(b) &amp; (c)</a> <a href="#">B 39</a> <a href="#">T 14(3)</a> <a href="#">L 49</a> Pension Commutation	Decide whether to trivially commute a member's pension under section 166 of the Finance Act 2004; whether to trivially commute a lump sum death benefit under section 168 of the Finance Act 2004; or whether to pay a commutation payment under regulations 6 (payment after relevant accretion), 11 (de minimis rule for pension schemes) or 12 (payments by larger pension schemes) of the Registered Pension Schemes (Authorised Payments) Regulations 2009.	Members and beneficiaries who meet the criteria for commutation will normally be offered commutation as an option.
<a href="#">R 49(1)(c)</a> <a href="#">B 42(1)(c)</a> Double entitlement	Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under 2 or more regulations in respect of the same period of Scheme membership.	The power to determine and notify the member of the provision under which benefits are to be awarded will be delegated to the Head of Pensions and will be considered on a case by case basis.



<b>Other Miscellaneous Discretions (continued)</b>		
<b>Regulation No.</b>	<b>Description of Discretion</b>	<b>Administering Authority Policy</b>
<a href="#"><u>L 147</u></a> Pension Credit	Discharge Pension Credit liability.	These cases will be considered on a case by case by the Head of Pensions, taking consideration of the national LGPS guidance issued by LGE.
<a href="#"><u>L 50 and 157</u></a> Exceptional ill health commutation	Decide whether to commute benefits due to exceptional ill-health (includes. Pension Credit members where the effective date of the Pension Sharing Order was pre 1 April 2014 or where the effective date of the Pension Sharing Order is after 31 March 2014 but the debited member had no post 31 March 2014 membership of the 2014 Scheme).	Members who meet the criteria for commutation on grounds of exceptional ill health will be offered commutation as an option.
<a href="#"><u>L 91(6)</u></a> Employer payments	Timing of pension increase payments by employers to fund (pre 1 April 2008. leavers).	Will generally be recharged quarterly; however Head of Pensions given delegated authority to agree alternative frequency.

<b>Discretions relating to employers which are no longer Scheme employers</b>		
<b>Regulation No.</b>	<b>Description of Discretion</b>	<b>Administering Authority Policy</b>
<a href="#"><u>R 38(3) &amp; 38(6)</u></a> <a href="#"><u>B 31(4) and 31(7)</u></a> Deferred Beneficiary – Payment on ill health grounds	Where the question arises of whether a deferred beneficiary meets criteria for being permanently incapable of former job because of ill health and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, whichever is the sooner but the member's employer is no longer a 'scheme employer', the decision falls to the administering authority. This also applies to a scheme member who was formerly in receipt of Tier 3 ill-health benefits.	Decision delegated to the Head of Pensions to consider each case on its own merits.
<a href="#"><u>TP Sch 2, Paras 1(2) and 1(1)(c) and R 60</u></a> Waiver of actuarial reductions	Waiving of actuarial reduction where former employer has ceased to be a 'Scheme employer', including whether to 'switch on' the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60. This can also apply to former Tier 3 Ill-Health members.	The waiving of any actuarial reduction will be made in line with the County Council's own employer policy in this area.
<a href="#"><u>TP 3(1), Sch 2, Paras 2(1) &amp; 2(2)</u></a> <a href="#"><u>B 30(5) &amp; 30A(5)</u></a> Waiving reductions	Where the question arises of whether to waive any actuarial reduction on pre and/or post April 2014 benefits but the member's employer is no longer a 'Scheme employer', the decision falls to the administering authority.	The waiving of any actuarial reduction will be made in line with the County Council's own employer policy in this area.

<b>Discretions relating to employers which are no longer Scheme employers (continued)</b>		
<b>Regulation No.</b>	<b>Description of Discretion</b>	<b>Administering Authority Policy</b>
<a href="#"><u>R 30(8)</u></a> Waiving reductions	Where the question arises of whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement, but the member's employer is no longer a 'scheme employer', the decision falls to the administering authority.	The waiving of any actuarial reduction will be made in line with the County Council's own employer policy in this area.
<a href="#"><u>R 30(8)</u></a> Waiving reductions	Where the question arises of whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age other than on the grounds of flexible retirement but the member's employer is no longer a 'scheme employer', the decision falls to the administering authority.	The waiving of any actuarial reduction will be made in line with the County Council's own employer policy in this area.
<a href="#"><u>TP 12(6)</u></a> Ill health certificate	Where the question arises of whether to use a certificate produced by an IRMP under the 2008 Scheme for the purposes of making an ill health determination under the 2014 Scheme but the member's employer is no longer a 'scheme employer', the decision falls to the administering authority.	A 2008 Scheme ill health certificate will not be accepted for ill health determinations made after 1 October 2014.

<b>Discretions under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended) in relation to awards of compensation made to pre 1 April 2007 leavers</b>		
<b>Regulation No.</b>	<b>Description of Discretion</b>	<b>Administering Authority Policy</b>
<b>31(2)</b> Compensation	Decide whether to agree to pay annual compensation on behalf of fund employer and recharge payments to employer.	Annual compensation payments already being paid on behalf of employers, and recharged, will continue to be paid, and in the event of new survivors' compensation becoming payable, these payments will similarly be paid on behalf of employers and recharged. The power to determine the frequency and terms of recharge for each employer is delegated jointly to the Head of Pensions and Section 151 Officer, notwithstanding that in accordance with Regulation 31(4) payments must be recovered within 2 months of them being made.



<b>Discretion under the Registered Pension Schemes (Modification of Scheme Rules) Regulations 2011</b>		
<b>Regulation No.</b>	<b>Description of Discretion</b>	<b>Administering Authority Policy</b>
<b>2</b> Voluntary Scheme Pays	To decide whether it is legally able to offer voluntary scheme pays and, if so, to decide the circumstances (if any) upon which it would do so	Voluntary Scheme Pays will be permitted where the member has incurred an annual allowance charge greater than £2,000 and is affected by the Tapered Annual Allowance, or where Mandatory Scheme Pays would have applied but the member is out of time.

**Key to Regulation References:**

<b>R</b>	<b>The Local Government Pension Scheme Regulations 2013</b>
<b>TP</b>	<b>The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014</b>
<b>A</b>	<b>The Local Government Pension Scheme (Administration) Regulations 2008</b>
<b>B</b>	<b>The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007</b>
<b>T</b>	<b>The Local Government Pension Scheme (Transitional Provisions) Regulations 2008</b>
<b>L</b>	<b>The Local Government Pension Scheme Regulations 1997</b>
<b>R95</b>	<b>The Local Government Pension Scheme Regulations 1995</b>

**Note that references to old provisions (e.g. L) generally apply in relation to scheme members who left under those provisions.**

Cambridgeshire County Council, as administering authority to the Cambridgeshire County Council Pension Fund, has determined its discretionary policies in accordance with the Local Government Pension Scheme Regulations 2013 (as amended), and related legislation, and these are outlined in this statement. We will apply these policies to all members of the Pension Fund, regardless of who their employer is. Where relevant, these policies equally apply to members who left pensionable service prior to 1 April 2014 (albeit only in relation to discretions exercised since the effective date of these policies), to councillor members and to pension credit members.

The content of these policies is drafted in line with current legislation. These policies were approved by the Pension Fund Committee on [DD Month] 2018 and are effective from [DD Month] 2018, unless stated otherwise within this statement.

We retain the right to change these policies at any time as long as we republish the amended policy within at least one month of when the change(s) we are introducing came into effect.

These policies do not give, nor shall they be deemed to give, any contractual rights to any member of the Pension Fund, or to any other person whatsoever. Nothing in this document will cause the Administering Authority's capacity to exercise its discretionary powers to be unlawfully fettered or restricted in any way.

We will exercise these discretions in line with the provisions of the various LGPS Regulations and other legislation. Nothing within this statement can overwrite the legal requirements within those provisions.

We will review the policies within this statement as required in the light of future changes to the LGPS legislation or other relevant legislation. It will also be reviewed at least every three years.



# CAMBRIDGESHIRE PENSION FUND



## Pension Committee

**Date:** 13 December 2018

**Report by:** Head of Pensions

<b>Subject:</b>	<b>UPDATE ON THE VALUATION OF THE FUND</b>
<b>Purpose of the Report</b>	To provide an update on key activities related to the valuation of the Pension Fund
<b>Recommendations</b>	<b>The Committee note the content of this report.</b>
<b>Enquiries to:</b>	Name - Cory Blose – LGSS Employer Services and Systems Manager Tel – 07990560829 E-mail – <a href="mailto:cblose@northamptonshire.gov.uk">cblose@northamptonshire.gov.uk</a>

### 1. Background

- 1.1 At the last meeting of the Pension Fund Committee, the scheme Actuary provided a presentation to the Committee which gave an outline of the key activities for the valuation of the Pension Fund.
- 1.2 This report is to provide an update on progress of some of these key activities. As some these activities are in progress at the time of writing this report a verbal update will be provided during the Committee Meeting, where appropriate.

### 2. Engagement/Training

- 2.1 A training day was held for officers and members of the Pension Committee and Local Pension Board on 12 September at Wyboston Lakes. At the training sessions the Actuary covered the purpose of the valuation, basic principles and methodology, key processes and a rough timeline of events during the valuation process.

### 3. Communication and engagement with employers

- 3.1 An initial communication was sent to employers at the end of October regarding the importance of reviewing the data we hold for their members ahead of the valuation and informing them that we will be asking them to carry out a data reconciliation exercise in December and January. A workshop was also held at the recent employer forum to provide information about this process, discuss the impacts of poor data and to highlight the key issues for employers to focus on, particularly, ensuring that we have been informed about all starters and leavers correctly.

Further communications about the valuation will commence in the new year and a further employer forum will be held in March focussing entirely on the valuation.

#### **4. Pre-valuation activities**

##### **4.1 Data Reconciliation**

At the beginning of December, a data extract was sent to all employers in the Fund, following the initial communication in October. Employers have been asked to check the data for accuracy and to make any required changes using Employer Self Service. Employers have also been asked to provide positive confirmation that they have checked the data and either made corrections or that the data is correct. The deadline for completing this activity is 31 January 2019.

##### **4.2 Employer Database and Employer Risk Register**

The employer services team are currently working with the actuary to update the employer database and employer risk register. This is expected to be complete by the end of December. This will help us to decide which employers we wish to focus on with the employer covenant monitoring process.

##### **4.3 Analysis of key assumptions**

An outline proposal for the analysis of two key assumptions: the 'discount rate', and an assumption of long term future salary increases as been agreed with the actuary and a paper is being prepared. Officers will review this analysis and make a recommendation to Committee, along with alternative options, for a decision at the March meeting.

##### **4.4 Planning and Preparation**

The following activities are currently at the planning stage and the Actuary is preparing proposals for officers. An update regarding these will be available at the March Committee meeting:

- Compass modelling for large Scheduled bodies
- The application of HEAT during the 2019 valuation
- Proposed options for accounting for Ill-health pooling within the valuation
- Employer covenant monitoring

#### **5. Disaggregation of employer pools**

- 5.1 Historically, the decision was taken to form pools for two types of active employer within the Fund; a Small admitted bodies Pool and a Designating bodies pool. The employers within each pool share similar characteristics, particularly a small number of members and limited financial resources. The purpose of these pools has been to protect these employers from large shocks such as ill health retirement and the death of an active member. Both events would create significant strain on the funding position of each individual employer. These pooling arrangements spread such shocks across all employers within each pool.

- 5.2 Since the pool was established, alternative arrangements have been put in place for managing the risk associated with ill health retirements. As a result, the appropriateness of continuing this pooling arrangement is questionable, particularly due to the cross-subsidisation inherent in such arrangements.
- 5.3 We are now investigating whether or not it would be sustainable to disaggregate the pools and what an appropriate time frame for this would be. The Actuary has been asked to carry out the required modelling to determine the effect on each individual employer in the pools to aid decision making. Data has been provided to the Actuary to begin this analysis.

## **6. Funding Strategy Statement Consultation**

- 6.1 At the last meeting of the Pension Committee, revisions to the Funding Strategy Statement were approved for consultation with employers. The consultation was still open at the time of writing this report, closing on 10 December, so a verbal update will be provided at the Committee meeting.

## **7. Relevant Pension Fund Objectives**

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. (Objective no 1)
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. (Objective 2)
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. (Objective no 3)
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. (Objective no 5)
Ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer. (Objective no 9)
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund. (Objective no 15)

## **8. Finance and Resources Implications**

- 8.1 None

## **9. Risk Management**

- 9.1 The Fund carries out an actuarial valuation of all Fund members every three years. The Pension Committee and Local Pension Board are expected to be involved in this process and make informed decisions where necessary.
- 9.2 The risks associated with failing to be involved in the process and make required decisions have been captured in the Fund's risk register as detailed below.

<b>Risk register</b>	<b>Risk mitigated</b>	<b>Residual risk</b>
Governance (risk 2)	Those charged with the governance of the Fund are unable to fulfil their responsibilities effectively.	Green
Governance (risk 18)	Failure to provide adequate information to the Committee and Board.	Green
Administration and Communication (risk 33)	Failure to act upon expert advice or risk of poor advice.	Green
Administration and Communication (risk 40)	Failure to apply and demonstrate fairness in the differentiated treatment of different fund employers by reference to their own circumstances and covenant.	Green

- 9.3 A full version of the Fund risk register can be found at the following link – <http://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

## 10. Communication Implications

<b>Direct Communications</b>	Not applicable
<b>Website</b>	Not applicable

## 11. Legal Implications

- 11.1 Not applicable

## 12. Consultation with Key Advisers

- 12.1 Consultation with the Funds advisers was undertaken for this report.

## 13. Alternative Options Considered

- 13.1 Not applicable

## 14. Background Papers

- 14.1 Not applicable

<b>Checklist of Key Approvals</b>	
Is this decision included in the Business Plan?	N/A
Will further decisions be required? If so, please outline the timetable here	N/A
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 29 November 2018
Has this report been cleared by Head of Pensions?	Mark Whitby – 26 November 2018

Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 29 November 2018
Has this report been cleared by Legal Services?	Fiona McMillan – 26 November 2018





# CAMBRIDGESHIRE PENSION FUND



## Pension Fund Committee

Date: 13 December 2018

Report by: Head of Pensions

<b>Subject:</b>	<b>EMPLOYER ADMISSIONS AND CESSATIONS REPORT</b>
<b>Purpose of the Report</b>	<ol style="list-style-type: none"> <li>1. To report the admission of seventeen admitted bodies to the Cambridgeshire Pension Fund under fifty-two separate admission agreements</li> <li>2. To report the admission of one scheduled body to the Cambridgeshire Pension Fund</li> <li>3. To notify the Committee of the winding up of Drinksense and their cessation from the Pension Fund.</li> </ol>
<b>Recommendations</b>	<p><b>That the Pension Fund Committee:</b></p> <ol style="list-style-type: none"> <li>1. Notes the admission of the following admitted bodies to the Cambridgeshire Pension Fund:             <ul style="list-style-type: none"> <li>• Aramark</li> <li>• Freedom Leisure</li> <li>• P3 – People, Potential and Possibilities</li> <li>• YMCA</li> </ul> <p><i>The following 13 new admitted bodies relate to the closure of Cambridgeshire County Council Cleaning and Catering Service (CCS):</i></p> <ul style="list-style-type: none"> <li>• ABM Catering Ltd</li> <li>• Aspens Services Ltd</li> <li>• Caterlink Ltd</li> <li>• Easy Clean Ltd</li> <li>• Edwards &amp; Blake Ltd</li> <li>• Nourish</li> <li>• Pabulum</li> <li>• VHS Cleaning Services Ltd</li> <li>• Alliance in Partnership</li> <li>• Clean Tec Services</li> <li>• Ecocleen</li> <li>• Nightingale Cleaning Ltd</li> <li>• Taylor Shaw Ltd</li> </ul> </li> <li>2. Notes the admission of the following scheduled body to the Cambridgeshire Pension Fund:             <ul style="list-style-type: none"> <li>• Orbis Primary Trust</li> </ul> </li> </ol>

	<b>3. Notes the winding up of Drinksense and their ability to only partially fund their exit payment.</b>
<b>Enquiries to:</b>	Name – Mark Whitby, Head of LGSS Pensions Tel – 01604 368502 E-mail – <a href="mailto:mwhitby@northamptonshire.gov.uk">mwhitby@northamptonshire.gov.uk</a>

## 1. Background

- 1.1 The Local Government Pension Scheme Regulations 2013 (as amended) 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 Fund 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) of Part 3 of Schedule 2 is an admission body which provides a public service in the United Kingdom which operates otherwise than for the purposes of gain, and has sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest (whether because the operations of the body are dependent on the operations of the Scheme employer or otherwise).
- 2.3 The Pension Fund Committee is asked to approve the admission of the following body into the Cambridgeshire Pension Fund under paragraph 1(d).

Date	New Admission Body	Background information
01/08/2018	Aramark	Cambridge Regional College has entered into a contract with Aramark Limited to provide its cleaning services. As a result of the contract, a group of staff were transferred to the new admission body, under TUPE regulations, and a full admission agreement has been put in place. Cambridge Regional College will act as guarantor for this employer and a bond will be put in place to protect Cambridge Regional College against any unpaid deficit as a result of the early termination of the contract
01/12/2018	Freedom Leisure	Fenland District Council has entered into a contract with Freedom Leisure to provide their sports and leisure services. As a result of the contract, a group of staff were transferred to the new admission body, under TUPE regulations, and a full admission agreement will be entered into. Fenland District Council will act as guarantor for this employer.

Date	New Admission Body	Background information
01/10/2018	P3 – People, Potential and Possibilities	Cambridgeshire County Council have entered into a contract with P3 to provide its floating support services. As a result, one member of staff was transferred to the new admission body, under TUPE regulations. Cambridgeshire County Council has agreed to retain the pension risk and all liabilities and assets will be returned to the local authority on the contracts termination under a pass through agreement.
01/08/2018	YMCA	Peterborough City Council have contracted YMCA to provide its Young Adult Services. As a result, a group of staff were transferred to the new admission body under TUPE regulations. Peterborough City Council has agreed to retain the pension risk and all liabilities and assets will be returned to the local authority on the contracts termination under a Pass Through agreement.

- 2.4** In addition to the bodies list in the above table, a number of new admissions have taken place as a result of Cambridgeshire County Council closing its catering and cleaning service, CCS. A number of contractors have taken on a total of 43 contracts. Each contract requires a separate admission agreement; please see **Appendix 1** for the list of new admissions.

### **3. New Scheduled Bodies**

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

Date of admission	Academy Trust	Name of Academy transferring
01/02/2019	Orbis Primary Trust	The Duke of Bedford Primary School

- 3.3** Actuarial advice has been sought on appropriate employer contribution rates from the fund actuary and these will be advised to the new Academy proprietors.

#### **4 Cessations - Drinksense (Cambridgeshire Council on Alcoholism)**

- 4.1 Drinksense was admitted to the Cambridgeshire Pension Fund on 23rd June 1982, following the transfer of alcohol abuse support staff from Cambridgeshire County Council to what was, at the time, known as; Cambridgeshire Council on Alcoholism. Following the closure of the charity, due to the withdrawal of its funding earlier this year, Drinksense has ceased as a scheme employer in the Fund and is now in the process of being wound up.
- 4.2 The final valuation of the liabilities has identified a deficit of £114,800. Due to the type of admission, there is no guarantor, meaning that any unpaid deficit must be spread across all other employers in the Fund.
- 4.3 The charity only has £30,000 left, which, having been aware that an exit payment would be likely, it ringfenced for payment of the pension deficit. There are no additional assets available. After settling actuarial fees, the charity has a final cash amount of £27,890 which remains available for payment of the pension deficit.
- 4.5 This payment will result in a shortfall of £89,910 that will be absorbed into the Cambridgeshire Pension Fund.
- 4.6 The Committee has previously been advised that there are a dwindling number of employers, of this type, remaining in the Fund and that the combined deficits of these employers is not of material significance to the Fund. The Fund now insists that all bodies of this type acquire a guarantee from another tax raising employer in the Fund or a Central Government department as a requirement of entry into the Fund.

#### **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>
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 in both the lead up to and termination of a scheme employer. <i>Objective 7</i>

#### **6. Finance & Resources Implications**

- 6.1 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.
- 6.2 The employer contribution rates contain an allowance for administration charges, meaning the new admissions should be cost neutral.

- 6.3 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 6 below.

## 7. Risk Management

- 7.1 The Pension Fund Committee are responsible for approving some admission bodies into the Fund as well as monitoring all admissions and cessations.
- 7.2 The risks associated with failing to monitor admissions and cessations have been captured in the Fund's risk register as detailed below.

<b>Risk register</b>	<b>Risk mitigated</b>	<b>Residual risk</b>
Administration and Communication (risk 38)	An employer who ceases to exist with insufficient funding, and no bond or guarantee requiring the funding shortfall to be spread across all other employers in the Fund.	Green
Administration and Communication (risk 39)	Lack of understanding of employer responsibilities, which could result in a statutory deadline being missed.	Green
Administration and Communication (risk 40)	Failure to apply and demonstrate fairness in the treatment of different Fund employers by reference to their own circumstances and covenant.	Green
Administration and Communication (risk 41)	Failure to manage the resources associated with increasing volumes of employing bodies entering the Fund, leading to unachievable targets.	Amber

- 7.3 The Fund's full risk register can be found on the Fund's website at the following link:  
<http://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

## 8. Communication Implications

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

## 9. Legal Implications

- 9.1 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.

## 10. Consultation with Key Advisers

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

## 11. Alternative Options Considered

- 11.1 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 – 29 November 2018
Has this report been cleared by Head of Pensions?	Mark Whitby – 26 November 2018
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 29 November 2018
Has this report been cleared by Legal Services?	Fiona McMillan – 26 November 2018

## Appendix 1: CCS Transfers

New Admission Body	School in which contract is held	Date of Admission	Background information
<b>ABM Catering Ltd</b>	Alderman Jacobs Primary School	01/09/2018	The following listed Cambridgeshire LEA maintained schools have contracted ABM Catering Ltd to provide their catering services. As a result, the staff transferred to the new admission body under TUPE regulations per contract. Cambridgeshire County Council have agreed to retain the pension risk and all liabilities and assets will be returned to the local authority on the contracts termination under a Pass Through agreement.
	Bushmead Primary and Elsworth Primary	01/09/2018	
	Great Paxton Primary School, Newton Community Primary School, Offord Primary School, Samuel Pepys School	01/09/2018	
	Heltwate Primary and Marshfields Primary School	01/09/2018	

	St John's CE Primary School (Huntingdon)	01/09/2018	
	The Beeches Primary, Hampton Hargate Primary	01/08/2018	
	Wyton on the Hill Primary School	01/04/2018	
	Eynesbury Primary School	13/08/2018	
	Middleton Primary School	27/10/2018	
	Middleton Primary School	26/10/2018	Middleton Primary School, a Peterborough Keys Academy Trust school has contracted ABM Catering Ltd to provide its catering services. As a result, a group of staff transferred to the new admission body under TUPE regulations. Peterborough Keys Academy Trust has agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
	Werrington Primary School	01/08/2018	Werrington Primary School, a SOKE Academy Trust school has contracted ABM Catering Ltd to provide its catering services. As a result, a group of staff transferred to the new admission body under TUPE regulations. SOKE Academy Trust has agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
<b>Aspens Services Ltd</b>	The Harbour School	27/10/2018	The following Cambridgeshire LEA maintained schools have contracted Aspens Services Ltd to provide their cleaning services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. Cambridgeshire County Council have
	Brampton Village	01/09/2018	



	Primary School		agreed to retain the pension risk and all liabilities and assets will be returned to the local authority on the contracts termination under a Pass Through agreement.
	Willingham Primary	01/06/2018	
	Cottenham Village College	01/08/2018	Cottenham Village College, an Astrea Academy Trust college, has contracted Aspens Services Ltd to provide its cleaning services. As a result, a group of staff transferred to the new admission body under TUPE regulations. Astrea Academy Trust has agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
	Brewster Avenue, Dogsthorpe Infants, Oakdale and St. Augustine's CE Junior	01/08/2018	The following Peterborough LEA maintained schools have contracted Aspens Services Ltd to provide their cleaning services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. Peterborough City Council have agreed to retain the pension risk and all liabilities and assets will be returned to the local authority on the contracts termination under a Pass Through agreement.
	Weatheralls Primary School	27/10/2018	Weatheralls Primary School, a Staploe Education Trust academy, has contracted Aspens Services Ltd to provide its cleaning services. As a result, a group of staff transferred to the new admission body under TUPE regulations. Staploe Education Trust has agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
<b>Caterlink Ltd</b>	Priory Park Infant School & Playgroup	01/09/2018	The following Cambridgeshire LEA maintained schools have contracted Caterlink Ltd to provide their catering services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. Cambridgeshire County Council have agreed to retain the pension risk and all liabilities and assets will be returned to the local authority on the contracts termination under a Pass Through agreement.
	Westwood	01/09/2018	
	The Vine Inter-Church Primary School	01/01/2018	
	Meadowgate Academy	0/09/2018	The following Affinity Multi Academy Trust academy has contracted Caterlink Ltd to provide their catering services. As a result, the school's group of staff transferred to the new admission

			body under TUPE regulations per contract. Affinity Multi Academy Trust have agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
	St. Peter's HD Academy	01/01/2019	The following The Cam Academy Trust academy has contracted Caterlink Ltd to provide their catering services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. The Cam Academy Trust have agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
	Chesterton, Earith, Grove, Highfield Ely, Isle of Ely, Kingsfield, Pakefield, Red Oak, Reydon	01/08/2018	The following Active Learning Trust academies have contracted Caterlink Ltd to provide their catering services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. The Active Learning Trust have agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
	Witchford VC Academy	01/06/2018	The following Morris Education Trust academy has contracted Caterlink Ltd to provide their catering services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. The Morris Education Trust have agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
	Littleport and East Cambs Academy	01/10/2018	The following Active Learning Trust academy has contracted Caterlink Ltd to provide their catering services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. The Active Learning Trust have agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
	Bottisham Primary Academy, Fen Ditton Primary	15/10/2018	The following Anglian Learning Trust academies have contracted Caterlink Ltd to provide their catering services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. The Anglian Learning Trust have agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.

	Academy and Stapleford Primary		
	Glebelands Primary School, Leverington Primary Academy, Murrow Primary Academy, Thomas Eaton Primary Academy	01/01/2018	The following Diamond Learning Partnership Trust academies have contracted Caterlink Ltd to provide their catering services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. The Diamond Learning Partnership Trust have agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
<b>Easy Clean Ltd</b>	Milton Primary C of E School	22/10/2018	The following DEMAT academy has contracted Easy Clean Ltd to provide their cleaning services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. The DEMAT have agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
	Upwood Primary School	01/09/2018	The following Thomas Deacon Education Trust academy has contracted Easy Clean Ltd to provide their cleaning services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. The Thomas Deacon Education Trust have agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
<b>Edwards &amp; Blake Ltd</b>	Coates Primary School	04/09/2018	The following Cambridgeshire LEA maintained schools have contracted Edwards & Blake Ltd to provide their catering services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. Cambridgeshire County Council have agreed to retain the pension risk and all liabilities and assets will be returned to the local authority on the contracts termination under a Pass Through agreement.
	Cheveley Primary School	01/10/2018	

	Bassingbourn Primary	01/0/0218	
	New Road Primary School	01/09/2018	The following Aspire Learning Trust academy has contracted Edwards & Blake Ltd to provide their cleaning services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. The Aspire Learning Trust have agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
	Spring Common Academy	01/06/2018	The following Spring Common Academy Trust academy has contracted Edwards & Blake Ltd to provide their cleaning services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. The Spring Common Academy Trust have agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
<b>Nourish</b>	Girton Glebe Primary School, Park Street Primary School, St Lukes Primary School and St Philips School	01/10/2018	The following Cambridgeshire LEA maintained schools have contracted Caterlink Ltd to provide their catering services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. Cambridgeshire County Council have agreed to retain the pension risk and all liabilities and assets will be returned to the local authority on the contracts termination under a Pass Through agreement.
	All Saints Interchurch Academy	01/10/2018	The following All Saints Interchurch Academy (single academy trust) has contracted Nourish to provide their cleaning services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. All Saints Interchurch Academy have agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
<b>Pabulum</b>	Hatton Park Primary School, Histon Infant,	29/10/2018	The following Cambridge Partnership Education Trust academies have contracted Pabulum Ltd to provide their catering services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. Cambridge Partnership Education Trust

	Histon Junior, Somersham Primary School and Trumpington Park Primary School		have agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
	Downham Feoffees	18/02/2018	The following Cambridge Meridian Academies Trust academies have contracted Pabulum Ltd to provide their catering services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. Cambridge Meridian Academies Trust have agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
	Lantern CP School	01/06/2018	The following Cambridge Meridian Academies Trust academies have contracted Pabulum Ltd to provide their catering services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. Cambridge Meridian Academies Trust have agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
	St Bede's Inter-Church School	01/09/2018	The following St Bede's Inter-Church School (single academy trust) has contracted Pabulum to provide their catering services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. St Bede's Inter-Church School have agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
	Hardwick & Cambourne School	01/09/2018	The following Cambridgeshire LEA maintained school has contracted Pabulum Ltd to provide their catering services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. Cambridgeshire County Council have agreed to retain the pension risk and all liabilities and assets will be returned to the local authority on the contracts termination under a Pass Through agreement.
<b>VHS Cleaning Services Ltd</b>	Bewick Bridge Community Primary School	17/09/2018	The following Cambridgeshire LEA maintained school has contracted VHS Cleaning Services Ltd to provide their cleaning services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. Cambridgeshire County Council have agreed to retain the pension risk and all liabilities and assets will be returned to the local authority on the contracts termination under a Pass Through agreement.
	Stapleford Community Primary School	27/10/2018	The following Anglian Learning Trust academy have contracted VHS Cleaning Services Ltd to provide their cleaning services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. The Anglian Learning Trust have agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.

<b>Alliance in Partnership</b>	Fawcett Primary School	01/09/2018	The following Cambridgeshire LEA maintained school has contracted Alliance in Partnership to provide their cleaning services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. Cambridgeshire County Council have agreed to retain the pension risk and all liabilities and assets will be returned to the local authority on the contracts termination under a Pass Through agreement.
<b>Clean Tec Services</b>	Cromwell Academy	01/09/2018	The following The Diamond Learning Partnership Trust academy have contracted Clean Tec Services to provide their catering services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. The Diamond Learning Partnership Trust have agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement.
<b>Ecocleen</b>	Ely St Johns School & Monkfield Park	29/10/2018	The following Cambridgeshire LEA maintained schools have contracted Ecocleen to provide their cleaning services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. Cambridgeshire County Council have agreed to retain the pension risk and all liabilities and assets will be returned to the local authority on the contracts termination under a Pass Through agreement.
<b>Nightingale Cleaning Ltd</b>	Hatton Park Primary and Histon and Impington Junior	27/10/2018	The following Cambridge Partnership Education Trust academies have contracted Nightingale Cleaning Ltd to provide their cleaning services. As a result, the school's group of staff transferred to the new admission body under TUPE regulations per contract. The Cambridge Partnership Education Trust have agreed to retain the pension risk and all liabilities and assets will be returned to the trust on the contracts termination under a Pass Through agreement
<b>Taylor Shaw Ltd</b>	Ramsey Junior School, Millfields Primary School, Elm Road Primary School, Ramsey Spinning Infant School, Nene Infant	22/10/2018	The following Elliot Foundation Trust academies have entered into a contract with Taylor Shaw Ltd to provide their cleaning services. Because of the contract, a group of staff transferred to the new admission body under TUPE regulations and a full admission agreement prepared. A bond will be put in place to protect against the liabilities to the Fund.

	School and Ramnoth Junior School		
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