

PENSION FUND COMMITTEE



Date: Thursday, 07 December 2017

Democratic and Members' Services

Quentin Baker

LGSS Director: Law and Governance

10:00hr

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>
2. **Minutes and Action Log of the Pension Fund Committee held 19th October 2017** **5 - 18**
3. **Pension Fund Annual Business Plan Update report 2017-18** **19 - 32**
4. **Data Quality** **33 - 38**
5. **Employer Admissions and Cessations Report** **39 - 44**
6. **Exclusion of Press and Public**

To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraphs 1 & 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 any individual, and information relating to

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

7. Governance and Legislation report

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

8. Overseas Pensioners Proof of Existence Exercise

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

9. Asset Pooling Update

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

10. Date of Next Meeting

The Pension Fund Committee comprises the following members:

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

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

Clerk Name: Dawn Cave

Clerk Telephone: 01223 699178

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MINUTES OF THE PENSION COMMITTEE

Date: Thursday 19th October 2017

Time: 10:00-12.15

Place: Kreis Viersen Room, Shire Hall, Cambridge

Committee Members

present: County Councillors P Downes, A Hay, R Hickford, T Rogers, J Schumann and M Shellens; M Pink and J Walker

Officers: C Blose, D Cave, S Heywood, C Malyon (part meeting only) C Mason, M Oakensen, R Perry and J Walton

Apologies: Cllrs Seaton and Fraser; M Whitby and T Roden

28. ELECTION OF CHAIRMAN AND VICE-CHAIRMAN OF THE PENSION FUND COMMITTEE

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

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

Councillor Rogers paid tribute to the outgoing Chairman for all his hard work and expertise over the years in his role of Chairman.

29. APPOINTMENT OF CHAIRMAN AND VICE-CHAIRMAN OF THE PENSION FUND COMMITTEE INVESTMENT SUB-COMMITTEE

It was noted that as set out in the County Council's Constitution, the Chairman and the Vice Chairman of the Committee (Councillors Rogers and Hickford) automatically became the Chairman and Vice Chairman of the Investment Sub-Committee.

30. DECLARATIONS OF INTEREST

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

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

31. MINUTES AND ACTION LOG OF THE PENSION FUND COMMITTEE MEETING HELD ON 27th JULY 2017

The minutes of the Pension Fund Committee meeting held on 27th July 2017 were approved as a correct record and were signed by the Chairman.

Pension Fund Annual Report and Statement of Accounts – it was noted that the item on the presentational and formatting issues needed following up. **Action required.**

Minute 23 – It had been agreed that performance for Value Managers would be better compared to benchmarks/metrics for similar value funds, and these would be included in future reports.

Minute 8 – this related to two members of staff who had not had their access to the Altair removed when they had left the employment of LGSS, and Member concerns that such access needed to be reviewed more frequently. This had now been tightened up, and access to the Altair system was reviewed every three months. There was one ongoing issue in relation to payroll/Altair reconciliation which would be completed by the end of December.

32. GOVERNANCE AND LEGISLATION REPORT

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

Exit payments – following the EU Referendum and the General Election, it was unclear whether this was a priority for government. The current position on Exit payments was outlined.

MIFID2 (the EU's Markets in Financial Instruments Directive II) – this had been discussed in detail at the Investment Information Day. Under this Directive, local authorities would be re-designated as 'retail' investors (rather than professional investors), but they could 'opt up' to elective professional status.

Local Pension Board survey – there had been a poor response to this survey, so the deadline had been extended. It was anticipated that the results would be available to be presented to the next Pension Fund Committee meeting.

Local Pension Board Liability Insurance – According to the legal opinion obtained by the LGA from Counsel, the Pension Board itself was not a council committee and therefore there was uncertainty as to whether members of the Board were officials who fell within the scope of the Council's own indemnity provisions. Many policies contain exclusions relating specifically to claims arising out of a breach of fiduciary duty, responsibility or obligation in connection with any employee benefit or pension plan, and there was therefore some reluctance to extend the scope of cover. Officers had sought advice from the Council's insurance department and obtained an external insurance quote from AON for the Local Pension Board to be covered for incidents such as public relation expenses and prosecution costs. This quote was currently being reviewed by the Council's insurance department. It was confirmed that any such insurance premium would be paid from the Pension Fund.

A number of Members expressed strong concerns over this issue, as Local Pension Boards had been set up on government's insistence, and it was therefore suggested that the cost should fall on government. An alternative option would be that government work with Local Pension

Boards nationally to find a suitable insurance product and split the cost. In response to Member questions, officers confirmed that there had not been significant take-up of Local Pension Board insurance products, the impetus on this was coming from the Cambridgeshire Local Pension Board.

There was a discussion on why the LPB would be liable given that it was not a decision making body: officers suggested that it was because the LPB could be seen as providing advice to the Pension Fund Committee as the decision making body that this was potentially an issue. It was agreed that this was the LPB's responsibility and that an update would be provided at the next Pension Fund Committee meeting. **Action required.**

Pension Regulator's Annual Scheme Return – this had been completed.

Pension Ombudsman – government had agreed that the Pensions Ombudsman service would at some point take over the informal dispute resolution service currently provided by the Pensions Advisory Service (TPAS). A one week consultation had taken place in August on this proposal, and the Pension Fund had not had opportunity to respond given the tight deadline. A Member expressed the Fund's strong concerns should be feedback, highlighting that the consultation timescales were unrealistic.

Members' attention was drawn to the list of training events in the report, and they were asked to contact officers if there were events that they would like to attend. Members asked that they be provided with a list of events they had already attended, so that it was easier for them to identify potential gaps. It was confirmed that this was undertaken every six months, and the next one was due out shortly. It was noted that the 'desirable' target for training credits was 18, over a two year period.

33. PENSIONS FOR COHABITING PARTNERS WITHOUT NOMINATION (2008-2014)

The Committee considered an update on the issue of pension entitlement for surviving nominated cohabiting partners of members with active membership of the Local Government Pension Scheme in England and Wales (LGPS) on or after 1 April 2008 was introduced from that date.

Guidance was issued following a successful challenge in Northern Ireland, where a scheme similar to LGPS was operated. Following this Supreme Court judgement, it had been expected that the DCLG would be drafting amending legislation and/or issuing statutory guidance once the Government position had been determined on the impact of the judgement. However, the guidance that DCLG did issue lacked clarity on a number of significant issues.

Given the lack of specific advice or direction, officers had sought a legal view from a barrister with a specialism in pension and employment law. The opinion received clearly stated that there was no statutory basis for making the award of a survivor's pension to a surviving cohabiting partner, where no nomination was in place. This requirement was not altered by Section 3 of the Human Rights Act 1998, since that Section is counteracted in the case of public authorities by Section 6(2)(b). Section 6(1) and (2) of the Act. There was currently one case in Cambridgeshire where there was such a challenge, although it was acknowledged that potentially there could be further claims from cohabiting partners where there was no nomination in place, whose partners had died between 2008 and 2014. The potential cost implications

were discussed. Members acknowledged that whilst Counsel's view had been taken, there were risk implications, albeit manageable and quantifiable risks.

It was resolved to:

- 1) Note the content of the report.

34. ANNUAL ALLOWANCE – VOLUNTARY SCHEME PAYS

The Committee considered a report about the Voluntary Scheme Pays option in relation to Annual Allowance Charges that may have been incurred by Local Government Pension Scheme members.

Members noted that an *Annual Allowance* was one of the limits set by the Government in relation to the level of an individual's pension savings and how much it could increase by each year before an excess savings became subject to a tax charge. *Scheme Pays* was the term used for the mechanism by which an individual who has incurred an annual allowance charge can elect to have a pension scheme pay the charge to HMRC on their behalf in return for a reduction being applied to their eventual benefits. *Mandatory Scheme Pays* (MSP) applied when a member's pension input in relation to a pension scheme in a tax year exceeded the standard annual allowance and they incurred an annual allowance charge greater than £2,000 on those savings in that scheme. With the introduction of the Tapered Annual Allowance provisions from 2016/17, which takes into account taxable earnings from sources outside of the pension scheme, a scheme member may now incur an annual allowance charge on LGPS pension savings of up to £30,000 that cannot be dealt with under MSP.

Cambridgeshire County Council as the administering authority to the Cambridgeshire Pension Fund would accede to a request that they pay an amount of annual allowance charge to HMRC on behalf of a member on a voluntary basis if the member provided a signed form (obtained from the Fund) specifying all the relevant information.

Members congratulated officers on the report on this complex issue, noting that it was common practice in private sector schemes. Officers stress that it was not compulsory for the Cambridgeshire Pension Fund to allow the *Voluntary Scheme Pays* option. To date there was one request in relation to this particular issue. It was confirmed that over the life of a member this would be cash neutral.

It was resolved unanimously to:

- 1) agree to the introduction of a policy permitting members to use Voluntary Scheme Pays in specified circumstances.

35. PENSION FUND ANNUAL BUSINESS PLAN UPDATE REPORT 2017-18

The Committee considered a Pension Fund Business Plan Update for the 2017-18 financial year.

Agenda Item no. 2

Members' attention was drawn to the proposal to change the Key Performance Indicator (KPI) to *"Provide a maximum of one estimate of benefits to employees per year on request. (Estimate in agreed format provided within 10 working days from receipt of all information)"* from 90% to 80%, and within 15 working days (increased from 10). This would better reflect practice, given the challenges faced achieving the existing KPI.

There was considerable discussion on the merits of the proposed change. The recruitment and retention pressures in the relevant section, and their impact on this KPI was noted. However, Members were more comfortable that the existing KPI be retained as a target, acknowledging the pressures highlighted which meant that until the staffing issues stabilised, it would be difficult to meet the KPI. Officers explained that the issue was not that estimates were complex, but the sheer volume of estimates requested: whilst scheme members were directed to the self-service website to obtain estimates, some members, especially those approaching retirement, sought estimates from the team.

Members concluded that the current KPIs for estimates should be retained and the situation in this area actively monitored.

Members noted the issues with the late-paying employer. Progress had been made following previous late payments, but the situation had arisen again and no payments had been received for August. Officers had met with the employer to escalate the situation, partly through education and training, and 19th October was the first deadline that the employer had been asked to meet. Members asked officers to email the Committee to confirm whether or not that deadline had been met. **Action required.**

In response to a Member question, it was confirmed that in terms of enforcement the ultimate sanction for some employers was to report late-paying employers to the Pensions Regulator. Whilst this had the desired effect on some employers, regrettably the approach of the Pensions Regulator was often that it was up to the Pension Fund to manage the situation, and they should contact the Pensions Regulator again in six months' time if the issue had not been resolved. Whilst some employers could be expelled from the scheme, it was not possible to expel or even charge interest on Scheduled Bodies. A Member pointed out that there was a contract between Multi Academy Trusts and the DfE, and late payment issues should be reported through the Regional Schools Commissioner. Another Member suggested that a guarantee could be requested from the DfE. Officers agreed to investigate the feasibility of these actions and report back to the next meeting. **Action required.**

(Cllr Downes left meeting)

Another Member suggested that further leverage could be gained by a senior officer from the County Council meeting with a senior officer from the Trust, and the Section 151 Officer agreed to do this. **Action required.**

Overseas pensioners – following an internal audit recommendation that a proof of life exercise be conducted on scheme members that live overseas, Western Union Business Solutions (WUBS) were appointed to carry out this proof of life exercise, being the one of very few providers of this service in the UK. As of 15/09/17, 206 of the 225 pensioners in scope of this exercise had completed the process. Any pensioners that have not completed the process by 31/10/17 would have their pensions suspended with effect from 01/11/17 if they have not made contact to explain why they could not complete the process, which requires them to attend a

Western Union office. There had been some difficulties with the process, and alternative methods to meet this requirement would be considered in future. A full report would be presented to the next Pension Fund Committee meeting.

It was resolved unanimously:

- 1) to note the attached Pension Fund Business Plan Update for the period May to August of the 2017-18 financial year.

36. GOVERNANCE POLICY AND COMPLIANCE STATEMENT

A report was presented to the Committee on the revised Governance Policy & Governance Compliance Statement.

It had been a requirement for the Administering Authority to publish a Governance Policy and Compliance Statement since the Local Government Pension Scheme (Administration) Regulations 2008 had come into force. The Statement was intended to ensure transparency, accountability and stakeholder involvement. It had been updated to reflect the new scheme of delegation, which was changed to facilitate asset pooling.

It was resolved unanimously:

- to approve the Governance Policy and Governance Compliance Statement provided in the appendix to the report.

37. CAMBRIDGESHIRE PENSION FUND ANTI-FRAUD AND CORRUPTION POLICY

Members considered an Anti-Fraud and Corruption Policy, noting that the administering authority was responsible for ensuring appropriate policies were in place for the safeguarding of the Fund's assets through appropriate methods of riskmanagement.

In discussion, it was noted that the Policy would be published on the website, and the existence of the policy was intended to act as a deterrent. A Member commented that greater promotion of the Anti-Fraud and Corruption Policy was required.

It was agreed to amend paragraph 12.1 of the Policy as follows:

- 12.1 It is highly likely that the administering authority will seek to prosecute offenders wherever appropriate. ~~However, the administering authority also recognises that it may not always be in the public interest to refer cases for criminal proceedings.~~

It was suggested that the second line of paragraph 8.1 "*...report certain details to external bodies, such as External Audit...*" required further detail, and it was suggested that Internal Audit should be involved. **Action required.**

It was also suggested that hard copies of the policy should be sent to all Employers. **Action required.**

It was resolved unanimously:

- 1) Approve the Anti-Fraud and Corruption Policy;
- 2) Confirm that immaterial amendments to the Policy can be approved through delegated authority to the Head of Pensions;
- 3) Confirm that material amendments to the Policy can be made via the Chairman of the Pension Fund Committee on behalf of the Committee.

38. PAYMENT OF EMPLOYEE AND EMPLOYER PENSION CONTRIBUTION POLICY REVIEW

The Committee considered a report on the reviewed Payment of Employee and Employer Pension Contribution Policy. The policy had originally been approved by the Committee in December 2015, and had been reviewed following the operation of the policy in the intervening period.

Many of the changes were based on the experience of late payment situations that had occurred: it was made absolutely clear to employers what their statutory responsibilities were. The other main change was effectively splitting out the escalation process. If an employer was persistently not making payments, they would be reported to the Pensions Regulator. Changes had also been made in Section 9, Administration fees, which had been amended for consistency with the Administration Policy, which had been approved earlier in the year.

A Member suggested that references in paragraphs 7.1 and 7.2 should be to “cleared funds”. It was also suggested that it would be helpful in future reports to clearly identify where changes had been made.

Given the issues raised regarding late payments and possible actions in the Business Plan Update report, Members suggested that this should not be circulated to Employers until those issues had been resolved, as it may be that further changes were required to this Policy.

It was resolved unanimously to:

- 1) Approve the amendments made to the policy;
- 2) Confirm that future immaterial amendments to the policy can be approved through delegated authority to the Head of Pensions;
- 3) Confirm that material amendments to the policy can be made via the Chairman of the Pensions Committee on behalf of the Committee;
- 4) Agree that the report should not be circulated until issues raised under the Business Plan item had been addressed.

39. EMPLOYER ADMISSIONS AND CESSATIONS REPORT

The Committee received a report on the admission of a number of bodies and the cessation of three employers from the Cambridgeshire Pension Fund.

Following a query on the location of one of the Academy Trusts, it was noted that some Trusts were geographically not based in Cambridgeshire, but managed schools which were based in Cambridgeshire. Officers agreed to circulate information requested on the Samuel Ward Academy Trust. **Action required.**

It was resolved unanimously to:

1. Note the admission of the following Multi Academy Trusts to the Cambridgeshire Pension Fund:
 - Astrea Academy Trust
 - The Lime Trust
 - Morris Education Trust
 - Samuel Ward Academy Trust
2. Note the admission of the following admission body to the Cambridgeshire Pension Fund:
 - Solutions for Health
3. Note the admission of the following resolution body to the Cambridgeshire Pension Fund:
 - Balsham Parish Council
4. Note the current withdrawal from the Cambridgeshire Pension Fund of the following bodies:
 - Lunchtime UK Ltd (Swaffham Prior)
 - Peterborough Women's Aid
 - Innovate Services Ltd

40. EXCLUSION OF PRESS AND PUBLIC

It was resolved:

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

41. ILL HEALTH REVIEW

The Committee considered the results of an independent investigation into alternative approaches to dealing with ill-health risk.

It was resolved unanimously:

Agenda Item no. 2

1. Note the findings of the independent review of approach to managing ill-health risk;
2. Agree to transition the Cambridgeshire Fund to a Self-Insurance (pooled) approach with effect from 1 April 2018.

42. ASSET POOLING UPDATE

Officers presented a verbal update on progress with asset pooling.

It was resolved to note the report.

43. DATE OF NEXT MEETING 10am Thursday 7th December 2017

CAMBRIDGESHIRE PENSION FUND

Pension Fund Committee

Agenda Item: 2

Action log from previous meeting

This log captures the actions from the Pension Fund Committee of the 19 October 2017 together with any carried forward items from previous meetings and updates members on the progress on compliance in delivering the necessary actions. This is the updated action log as at 27 November 2017.

Outstanding actions from 27 July 2017 meeting of the Pensions Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
21.	Pension Fund Annual Report and Statement of Accounts	Mark Whitby	It was suggested that officers could explore how to present more user-friendly information within the confines of the requirements, e.g. with narrative, footnotes and cross-references.	Ongoing - Officers are currently reviewing the presentation of the Statement of Accounts with a view to simplification within current regulatory reporting requirements.

Outstanding actions from 19 October 2017 meeting of the Pensions Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
32.	Governance and Legislation Report	Joanne Walton	Liability Insurance - there was a discussion on why the LPB would be liable given that it was not a decision making body: officers suggested that it was because the LPB could be seen as providing advice to the Pension Fund Committee as the	Complete – an update is being provided during this meeting via the Governance and Legislation Report.

			decision making body that this was potentially an issue. It was agreed that this was the LPB's responsibility and that an update would be provided at the next Pension Fund Committee meeting.	
32.	Governance and Legislation Report	Joanne Walton	Feed back to the Pensions Ombudsman service to say that the consultation period was too short especially as it was in August	Completed – an e-mail has been sent to the Pensions Ombudsman.
35.	Pension Fund Annual Business Plan Update Report 2017-18	Michelle Oakensen	Members noted the issues with the late-paying employer. Progress had been made following previous late payments, but the situation had arisen again and no payments had been received for August. Officers had met with the employer to escalate the situation, partly through education and training, and 19th October was the first deadline that the employer had been asked to meet. Members asked officers to email the Committee to confirm whether or not that deadline had been met	Completed – an e-mail was sent on 20 October 2017 to confirm that no payment had been received. Update provided on 7 November 2017 and confirmation of payment circulated on 9 November 2017.
35.	Pension Fund Annual Business Plan Update Report 2017-18	Cory Blose	In response to a Member question, it was confirmed that in terms of enforcement the ultimate sanction for some employers was to report late-paying employers to the Pensions Regulator. Whilst this had the desired effect on some employers, regrettably the approach of the Pensions Regulator was often that it was up to the Pension Fund to manage the situation, and they should contact the Pensions Regulator again in six months' time if the issue had not been resolved. Whilst some employers could be expelled from the scheme, it was not possible to expel or even charge interest on Scheduled Bodies. A Member pointed out that there was a contract between Multi Academy Trusts and the DfE, and late payment issues should be reported through the Regional Schools Commissioner. Another Member suggested that a guarantee could be requested from the DfE. Another Member suggested that further leverage could be gained by a senior	Ongoing - Following the Committee Meeting, Officers have considered the actions suggested by Committee members and Eversheds-Sutherland LLP have been instructed to provide legal advice on the possible sanctions that the Fund could levy on Scheduled Bodies that do not pay their contributions, as required. A response is expected before the end of November but after the submission of Committee

			officer from the County Council meeting with a senior officer from the Trust, and the Section 151 Officer agreed to do this Officers agreed to investigate the feasibility of these actions and report back to the next meeting	papers. Once the legal advice has been received, a paper will be presented to the Committee setting out the options available.
37.	Cambridgeshire Pension Fund Anti-Fraud and Corruption Policy	Michelle Oakensen	It was suggested that the second line of paragraph 8.1 “...report certain details to external bodies, such as External Audit...” required further detail, and it was suggested that Internal Audit should be involved.	<p>Response from Internal Audit –</p> <p>“The Council has traditionally reported significant frauds to 2 organisations - external audit and the police (if we decide to refer the matter to them).</p> <p>In terms of the police, this would likely be full disclosure of the facts as we would be looking for them to investigate this (note we would not contact the police without agreement of senior officers).</p> <p>In terms of external audit, they consider the risk of fraud as part of their annual accounts work and so need to be aware of significant fraud (as a guide normally over £10k). They would need to understand how the fraud occurred to assess the risk that the accounts could be miss-stated as a result of this issue.”</p>

			It was also suggested that hard copies of the policy should be sent to all Employers.	Completed – an e-mail was sent to all Cambridgeshire Pension Fund Employers on 16 November 2017 to inform them of the Policy and a link was provided.
39.	Employers Admissions and Cessations Report	Cory Blose	Following a query on the location of one of the Academy Trusts, it was noted that some Trusts were geographically not based in Cambridgeshire, but managed schools which were based in Cambridgeshire. Officers agreed to circulate information requested on the Samuel Ward Academy Trust	Completed –the Ditton Lodge Primary School has joined the Samuel Ward Academy Trust based in Suffolk.
42.	Asset Pooling Update	Paul Tysoe	To ensure Asset Pooling updates in the future are written with the very latest updates being provided verbally.	Completed - updates are now being produced in a written format. The item will remain a standing item on all Pension Committee agendas.

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Committee

Date: 7 December 2017

Report by: Head of Pensions

Subject:	Pension Fund Annual Business Plan Update report 2017-18
Purpose of the Report:	To present the Pension Fund Business Plan Update for the period September to October of the 2017-18 financial year to the Pension Fund Committee.
Recommendations:	The Committee are asked to note the attached Pension Fund Business Plan Update for the period September to October of the 2017-18 financial year.
Enquiries to:	Michelle Oakensen - Governance Officer moakensen@northamptonshire.gov.uk

1. Background

- 1.1 Good governance requires that updates to the pre-agreed Annual Business Plan are provided to the Committee on a regular basis. This update highlights the progress made on the key activities during the period May 2017 to August 2017 and ensures that the Pension Fund's objectives are being met.

2. Key Business Plan Activities

2.1 Payroll Reconciliation

- 2.1.1 Following the implementation of Altair pensioner payroll in October 2016 an exercise is being undertaken to reconcile the Altair pensioners' payroll records against Altair administration records to ensure that the correct rate of pension is in payment.
- 2.1.2 The exercise is making good progress with 99.66% of the 15,449 pensioner records being reconciled within agreed tolerances of up to £100pa. This exercise so far has identified 128 overpayments and 116 underpayments. Whilst rectification of overpayments, and therefore detailed calculations, have not commenced, at this stage it is not expected that many of the overpayments will be of significant value.
- 2.1.3 The reconciliation is scheduled to complete by 31 December 2017 after which the process of rectifying the over and underpayments will begin.

2.1.4 The Pension Fund Committee will continue to be updated with progress.

2.2 Guaranteed Minimum Pension Reconciliation

2.2.1 As reported previously in the Business Plan Update, the reconciliation of GMP liability held by the Fund compared with that held by HMRC has been outsourced to an external data audit company, ITM Limited.

2.2.2 ITM Limited have confirmed that as at 14 November 55.9% of the initial 79,624 records have been reconciled. This leaves a further 35,130 records to be reconciled.

2.2.3 ITM Limited have raised significant number of queries with HMRC in order to complete the reconciliation. However, with just over a year until the HMRC service closes, HMRC are seeing an increase in the volume of queries and extended resolution times.

2.2.4 As such, it has been agreed that a two month project pause will be implemented from the end of November to the beginning of February 2018 to allow HMRC time to work on the queries ITM Limited have raised with them. The project completion date is now expected to be 31 March 2018 and no additional costs will be charged as a result of the project pause.

2.2.5 Once ITM Limited have finished the reconciliation, LGSS Pensions will rectify any pensions in payment where a corrected GMP alters the value of the pension.

2.2.6 In March 2018, the Pension Fund Committee will be presented with a revised version of the current Overpayment of Pension Policy to approve which will incorporate the approach to how overpaid pensions as a result of a revised GMP will be treated. The policy will also be drafted in conjunction with legal advice on unauthorised payments in the form of overpaid pensions where recovery is not possible and tax is chargeable.

2.2.7 The Pension Fund Committee will continue to be updated as to the progress made in this project through the Business Plan Update reports.

2.3 Overseas Pensioners – proof of existence exercise

2.3.1 The Western Union proof of existence exercise for pension members residing overseas concluded on 31 October 2017. Out of the 242 pensioners that were in the scope of this exercise 213 members successfully completed the exercise.

2.3.2 A full report on the exercise is to be presented at this meeting.

2.4 Procurement of actuarial, governance and benefits consultancy updates

2.4.1 The actuarial, benefits and governance consultancy procurement is on track to have new contractual arrangements in place in the New Year with commencement of the new contract effective from 1 April 2018. A verbal update on the latest progress will be made at the meeting.

2.5 Funding update

- 2.5.1 The funding level at the latest formal valuation was 78.5%. As at 30 June 2017 the funding level has increased to 82.6%. This represents a deficit of £625m at 31 March 2016 decreasing to a deficit of £596m at 30 June 2017.

2.6 Delivery of communications against the plan

- 2.6.1 During September one training session was delivered to a total of 200 delegates on the LGPS and employer responsibilities.
- 2.6.2 Bespoke employer training was delivered was at a conference held by a Multi Academy Trust and two officers from LGSS Pensions attended to give advice to members on the LGPS as well as discuss employer responsibilities with employees of the Trust.
- 2.6.3 During September and October, officers issued 87 customer satisfaction surveys to members. There have been a very small number of responses received to date, however, they have all been positive.
- 2.6.4 The quarterly newsletter, covering quarter 3, was issued in November to all the employers within the Fund via direct e-mail. The newsletter has also been published on the website under the Newsletters/Bulletins section.
- 2.6.5 With the creation of the new member and employer websites due for January 2018, the scheme promotion leaflet and fact sheet has been delayed to coincide with the launch of the websites and an update on this will be provided in March 2018.

3. Pension Fund Administration

3.1 Overpayment of Pensions

- 3.1.1 The following table summarises the overpayments of pension, those overpayments in recovery and those written off during the period 1 September 2017 to 31 October 2017. Further detail is provided in sections 3.1.2 to 3.1.3.

Overpayment Type	Action	Amount	Total
Death of a Pensioner/Dependent	Written off	£1,441.27 (20 cases)	£16,118.98 (35 cases)
	In the process of recovery	£14,677.71 (15 cases)	
Retirement	Written off	£0	£0
	In the process of recovery	£0	

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

- 3.1.2 During the period 1 September 2017 to 31 October 2017, 35 scheme members passed away and the date of notification to the Fund resulted in an overpayment of the late member's pension. Of the overpayments, 20 were automatically written off as the value of the overpayment was less than £250. The remaining 15 cases are currently being pursued for recovery of the overpayment.
- 3.1.3 In this period £8,393.40 has been recovered to date for the current financial year across all overpayment types.

3.2 Timeliness of employer and employee pension contributions

- 3.2.1 The following table shows the percentage of employers in the Cambridgeshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late (after the 19th of the month following deduction) for the period 1 October 2016 to 30 September 2017.

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
October 2016	97.4	2.6	96.7	3.3
November 2016	98.0	2.0	96.8	3.2
December 2016	98.9	1.1	97.6	2.4
January 2017	98.0	2.0	95.0	5.0
February 2017	97.7	2.3	94.7	5.3
March 2017	98.0	2.0	94.4	5.6
April 2017	96.4	3.6	97.8	2.2
May 2017	97.7	2.3	91.7	8.3
June 2017	98.0	2.0	96.0	4.0
July 2017	95.3	4.7	94.3	5.7
August 2017	97.6	2.4	97.3	2.7
September 2017	98.0	2.0	97.7	2.3
Average for period	97.6	2.4	95.8	4.2

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

3.3 Variances against the forecast of investments and administration expenses

- 3.3.1 The table in appendix 2 provides a breakdown of the fund account and supporting tables detailing management expenses from 1 April 2017 to 31 October 2017.

3.4 LGSS Pensions Service and scheme employer key performance indicators

3.4.1 The performance for LGSS Pensions Service for the period 1 September 2017 to 31 October 2017 is as follows -

3.4.2 The full analysis of data for September and October statistics along with explanations on the lower than expected performance can be found in **appendix 3** of this report.

Key Performance Indicators	Target	Month	
		September	October
Notify leavers of deferred benefit entitlement. (Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information)	90%	100	99
Payment of retirement benefits from active employment. (Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later).	95%	99	99
Award dependant benefits. (Issue award within 5 working days of receiving all necessary information).	95%	100	100
Provide a maximum of one estimate of benefits to employees per year on request. (Estimate in agreed format provided within 10 working days from receipt of all information).	90%	99	97
Provide transfer-in quote to scheme member. (Letter issued within 10 working days of receipt of all appropriate information).	95%	80	93
Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	96	95
Notify the employer and scheme members of changes to the scheme rules. (Within one month of the LGSS Pensions Service being informed of the change).	95%	100	100
Issue annual benefit statements to active members as at 31 March. (By the following 31 August - pending timely receipt of satisfactory year end data from the scheme employer).	100%	N/A	N/A

3.4.3 The performance for scheme employers for the period 1 August 2017 to 30 September 2017 is as follows -

Key Performance Indicators	Target %	Month	
		August	September
Arrange for the correct deduction of employee and employer contributions to Pension Fund in a timely manner, providing an associated monthly statement/schedule in a format acceptable to the Administering Authority.	100%	97.6	98.0
Employers to provide LGSS Pensions Service with accurate year end information in the prescribed format by 30 April following contribution year end.	100%	N/A	N/A

4. Relevant Fund objectives

Continually monitor and measure clearly articulated objectives through business planning.

5. Risk Implications

a) Risk(s) associated with the proposal

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

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

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

6. Communication Implications

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

7.1 Not applicable

8. Consultation with Key Advisers

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

9. Alternative Options Considered

9.1 Not applicable

10. Background Papers

10.1 Not applicable

11. Appendices

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

11.2 Appendix 2 - Variances against the forecast of investments and administration expenses

11.3 Appendix 3 – KPI supporting information

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 22 November 2017
Has this report been cleared by Head of Pensions?	Mark Whitby – 15 November 2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 22 November 2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 27 November 2017

Appendix 2 - Variances against the forecast of investments and administration expenses

	2017-18 Estimate	2017-18 Forecast	Variance	Comments
	£000	£000	£000	
Contributions	(123,500)	(128,000)	(4,500)	There has been an increase in active membership above levels originally expected
Transfers in from other pension funds:	(5,400)	(5,400)		Demand led
Total income	(128,900)	(133,400)	(4,500)	
Benefits payable	98,300	100,000	1,700	Slight increase in Pensioner numbers over expectations.
Payments to and on account of leavers:	(5,400)	(5,400)	-	Demand led
	103,700	105,400	1,700	
Management Expenses	8,156	8,156	-	No anticipated variance at this time.
Total income less expenditure	(17,044)	(19,844)	(2,800)	
Investment Income	(29,000)	(29,000)	-	No anticipated variance at this time.
Taxes on Income	-	-	-	
(Profit) and losses on disposal of investments and changes in the market value of investments	(75,000)	(£75,000)	-	No anticipated variance at this time
Net return on investments	(104,000)	(104,000)	-	
Net (increase)/decrease in the net assets available for benefits during the year	(121,044)	(123,844)	(2,800)	

Management Expenses	2017-18 Estimate	2017-18 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	2,494	2,494	-	
Administration Expenses	2017-18 Estimate	2017-18 Forecast	432	-
Expenses Analysis	5,230	5,230	-	
TOTAL MANAGEMENT EXPENSES	£000	£000	£000	
	1,321	1,321	-	
Altair System	261	261	-	
Altair payroll project	0	0	-	
GMP/Payroll Reconciliation Project	150	150	-	One-off cost for 2017/18

<i>Communications</i>	54	54	-	
<i>Other Non-Pay and Income</i>	100	100	-	
<i>County Council Overhead Recovery</i>	608	608	-	
Total Administration Expenses	2,494	2,494	-	

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

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

Appendix 3 – Key Performance Indicator analysis for September and October 2017

September 2017

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Notify leavers of deferred benefit entitlement.	Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information.	90%	469	469	0	100	G	SLA target met.
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%	84	83	1	99	G	SLA target met.
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	46	46	0	100	G	SLA target met.

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
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Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	83	82	1	99	G	SLA target met.
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	71	57	18	80	A	Cases outside of SLA target are within the statutory target of 2 months. This area has experienced an increase in volume of 42% from 16/17 to the year to date.
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	23	22	1	99	G	SLA target met.

October 2017								
Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Notify leavers of deferred benefit entitlement.	Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information.	90%	584	583	1	99	G	SLA target met.
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%	114	113	1	99	G	SLA target met.
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	44	44	0	100	G	SLA target met.

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
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Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	62	60	2	97	G	SLA target met.
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	54	50	4	93	A	Cases outside of SLA target are within the statutory target of 2 months This area has experienced an increase in volume of 42% from 16/17 to the year to date.
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	19	18	1	99	G	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 all not within statutory target.
- If there is no statutory target - below SLA target and number completed within target is not within 10% of the SLA target

CAMBRIDGESHIRE PENSION FUND



Pension Fund Committee

Date: 7 December 2017

Report by: Head of Pensions

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

1. Background

- 1.1 It is an essential that data held on scheme members is accurate and regularly reviewed.
- 1.2 The following legislation and guidance provides the legal requirement for pension schemes to hold accurate data.
 - 1.2.1 Pensions Act 2004 – section 249B (inserted by Schedule 4 of the Public Service Pensions Act 2013)

(1) The scheme manager of a public service pension scheme must establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed –

 - (a) in accordance with the scheme rules and*
 - (b) in accordance with the requirements of the law*
 - 1.2.2 Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014

(4) Retention of records of member and beneficiary information
 - 1.2.3 Data Protection Act 1988 Schedule 1: The Data Protection Principles: Part I – The Principles

(4) Personal data shall be accurate and, where necessary, kept up to date.
 - 1.2.4 The General Data Protection (GDPR) (Regulation (EU) 2016/679) Article 5: Principles relating to the processing of personal data

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

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

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

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

2. Importance of accurate data

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

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

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

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

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

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

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

- National insurance number
- Name

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

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

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

3. Data quality assessment

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

- 3.7 In addition to common and conditional data, an assessment will be made on other relevant data that is critical to effective and accurate administration. A suite of reports will be produced to highlight areas requiring rectification and improvement from which a data improvement plan will be constructed.
- 3.8 The data improvement plan will contain areas of priority and target dates for completion. Progress against the plan will be reported to both the Pension Fund Committee and Local Pension Board at each meeting.
- 3.9 It is intended that ITM Limited will be contracted to perform an analysis once every year for the next 3 years and the data improvement plan will be updated accordingly.

4. Next steps

- 4.1 The terms of the partnership arrangement have been agreed by both the County Council and ITM Limited work has begun to devise the specification for the data audit. This will be followed by the necessary testing to ensure the product is producing reliable output.
- 4.2 Once ITM Limited have carried out the assessment and provided officers with the findings a data improvement plan will be constructed. Subject to the completion of testing it is anticipated that the data improvement plan will be presented to the Local Pension Board in April 2018 for comments and the Pension Fund Committee in June 2018 for approval.

5. Data improvement projects in progress

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

6. The Pensions Regulator's Annual Returns

- 6.1 The Pensions Regulator is already requesting that all non-public service pension schemes provide a data quality score as part of the mandatory Annual Return and it is speculated that the Pensions Regulator will be expecting the same from public service schemes in 2018. This Fund will therefore be in a position to provide this score when the surveys are issued during September and October 2018.

7. Relevant Pension Fund Objectives

Maintain accurate records and ensure data is protected and used for authorised purposes only.

8. Finance & Resources Implications

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

9. Risk Implications

a) Risk(s) associated with the proposal

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

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

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

10. Communication Implications

Website	The Data Improvement Plan, once developed and approved will be published on the Fund's website.
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11. Legal Implications

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

12. Consultation with Key Advisers

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

13. Alternative Options Considered

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

14. Background Papers

- 14.1 Not applicable

Checklist of Key Approvals	
Is this decision included in the Business Plan?	No
Will further decisions be required? If so, please outline the timetable here	No
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 22 November 2017
Has this report been cleared by Head of Pensions?	Mark Whitby – 15 November 2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 22 November 2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 27 November 2017

**CAMBRIDGESHIRE
PENSION FUND**



Pension Committee

Date: 7 December 2017

Report by: Head of Pensions

Subject:	Employer Admissions and Cessations Report
Purpose of the Report	To report the admission of two admission bodies to the Cambridgeshire Pension fund
Recommendations	<p>That the Pension Committee</p> <p>Notes the admission of the following admission bodies to the Cambridgeshire Pension Fund:</p> <ul style="list-style-type: none">• Pabulum Catering (City of Ely College)• Pabulum Catering (Sawtry College)
Enquiries to:	Mark Whitby, Head of LGSS Pensions mwhitby@northamptonshire.gov.uk

1. Background

- 1.1. The Local Government Pension Scheme Regulations 2013 (as amended) [the Regulations] provide for the admission of a number of different types of body to the Local Government Pension Scheme; scheduled bodies, designating bodies, and admission bodies.
- 1.2 This report provides an update on admissions to the Cambridgeshire Pension Fund since the last meeting of the Pension Committee.

2. New Admission Body

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

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

Date	New Admission Body	Background information
01/09/2016	Pabulum Catering (City of Ely College)	Cambridgeshire Meridian Academy Trust outsourced their catering service for the City of Ely College and transferred 8 members of catering staff to Pabulum Catering, under TUPE regulations on 1 September 2016. City of Ely College will act as guarantor for this full closed admission following an actuarial assessment.
01/06/2017	Pabulum Catering (Sawtry College)	Cambridgeshire Meridian Academy Trust outsourced the catering services for Sawtry College to Pabulum Catering and transferred 7 members of catering staff to Pabulum Catering, under TUPE regulations. This body has been admitted under a pass through agreement with Cambridgeshire Meridian Academy Trust remaining responsible for the pension liabilities.

3. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>Objective 1</i>
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. <i>Objective 2</i>
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. <i>Objective 3</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>

4. Finance & Resources Implications

- 4.1 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.
- 4.2 The employer contribution rates contain an allowance for administration charges, meaning the new admissions should be cost neutral.
- 4.3 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 7 below.

5. Risk Implications

- a) Risk(s) associated with the proposal

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

LGPS Regulations are met.	
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Risk	Mitigation	Residual Risk
A new employer does not pay the pension contributions due in full or on time.	Further to this, there is the ability, under the terms of the admission agreement, to require the letting authority to set off against any payments due to the Admission Body an amount equal to the sum due and pay the sum to the Fund. A late payments policy is in place which sets clear policies on how we deal with late or non payment of contributions	Green
A company admitted to the Fund as an admission body may become financially unviable.	A surety bond or guarantor is required to cover the potential risk of the admitted body becoming insolvent and the monetary value of this risk is reviewed regularly to ensure it provides adequate cover for the financial risks involved.	Green
An Admission Body joining the Fund may cease as an employer in the Fund if they have no more active members	We maintain regular two way communication regarding the current funding position of the employer, reductions in membership numbers and any other activity that may affect the continuation as an employer in the Fund.	Amber

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

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

6. Legal Implications

- 6.1 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.

7. Consultation with Key Advisers

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

8. Alternative Options Considered

- 8.1 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
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 22 November 2017
Has this report been cleared by Head of Pensions?	Mark Whitby – 14 November 2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 22 November 2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 27 November 2017

