

PENSION FUND COMMITTEE

Tuesday, 14 January 2020

Democratic and Members' Services

Fiona McMilan
Monitoring Officer
Shire Hall
Castle Hill
Cambridge
CB3 0AP

10:00

**Kreis Viersen Room
Shire Hall, Castle Hill, Cambridge, CB3 0AP**

AGENDA

Open to Public and Press

- 1. Apologies for absence and declarations of interest**
Guidance on declaring interests is available at <http://tinyurl.com/coc-conduct-code>
- 2. Public minutes of the Committee meeting held 10th October 2019 and Action Log** **5 - 16**
- 3. Valuation of the Fund** **17 - 20**
- 4. Anti-Fraud and Corruption Policy Review** **21 - 34**
- 5. Digital Communications Strategy** **35 - 48**
- 6. Pension Fund Annual Business Plan Update report 2019-20** **49 - 62**

7.	Administration Performance Report	63 - 76
8.	Governance and Compliance Report	77 - 102
9.	Employer Admissions and Cessations Report	103 - 110
10.	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)

11. Asset Pooling

- verbal update

The Pension Fund Committee comprises the following members:

Mr Lee Phanco Mr Matthew Pink Councillor Richard Robertson Councillor David Seaton
and Mr John Walker Councillor Peter Downes Councillor Ian Gardener Councillor Anne Hay
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: Rob Sanderson

Clerk Telephone: 01223 699181

Clerk Email: rob.sanderson@cambridgeshire.gov.uk

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

<https://tinyurl.com/CommitteeProcedure>

CONFIDENTIAL MINUTES OF THE PENSION FUND COMMITTEE

Date: Thursday 10th October 2019

Time: 10.00am – 12.30pm

Place: Kreis Viersen Room, Shire Hall, Cambridge

Present: County Councillors P Downes, I Gardener, A Hay, T Rogers (Chairman), J Schumann, and M Shellens; Peterborough City Councillor D Seaton; Cambridge City Councillor R Robertson; Lee Phanco, Matthew Pink and John Walker

Officers: C Blose, D Cave, S Heywood, M Oakensen, J Walton and M Whitby

Actuaries: Robert McInroy and Peter Summers, Hymans Robertson

Observers: Cllr Simon King

Apologies: None

160. DECLARATIONS OF INTEREST

John Walker later in the meeting 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 he and his wife were active members of the LGPS.

Councillor R Robertson declared a personal interest as his wife was a retired member of the LGPS.

161. MINUTES OF THE PENSION FUND COMMITTEE MEETING HELD ON 25th JULY 2019

The minutes of the Pension Fund Committee meeting held on 25th July 2019 were approved as a correct record and were signed by the Chairman.

162. MINUTES ACTION LOG

The Committee noted the Minute Action Log.

It was confirmed that the revised Key Performance Indicators (KPIs) would be presented to the next Committee meeting in December.

163. EXCLUSION AND PRESS AND PUBLIC

It was resolved unanimously that the press and public be excluded from the meeting for the next report on the grounds that it contained exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended (information relating to the financial or business affairs of any particular person (including the authority holding that information)) and that it would not be in the public interest for this information to be disclosed as they contained commercially sensitive information.

164. VALUATION OF THE FUND

The Committee considered a report on the formal Valuation of the Fund by the Scheme Actuary. The triennial valuation was required by law, and also provided the Pension Fund with a valuable health check and indication of the direction of travel.

It was resolved unanimously to:

- 1) Note the Valuation update and Whole Fund valuation results.

It was resolved by a majority to:

- 2) Approve:
 - The approach to calculating the current funding level of the Cambridgeshire Pension Fund (section 3.1.6 of the report); (*Councillor Shellens abstained*)

It was resolved unanimously to approve:

- The Funding Strategy Statement for consultation (section 3.2.2) and for the final version to be considered by the Pension Fund Committee;
- The proposals for the continuation of the designating bodies pool (section 4.1.2);

It was resolved by a majority to approve:

- The disaggregation of the Small admitted bodies pool with each employer having a separately assessed funding position (section 4.2.3). (*Lee Phanco voted against this recommendation*)

The meeting returned to public session.

165. GOVERNANCE AND COMPLIANCE REPORT

Members 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.

Members noted a number of recent legal decisions which potentially impacted on the eligibility of surviving partners or same sex partners.

Equitable Life had proposed to 1) uplift the value of with-profits policies and convert to unit linked and 2) transfer its policies to Utmost Life and Pensions. The Cambridgeshire Pension Fund has 69 members with an AVC account with Equitable Life. Administering authorities, such as Cambridgeshire County Council, were being asked to vote on the

proposal. Advice was being sought from Aon on this matter to inform on how the administering authority should vote. Due to time constraints – the closing date for votes being 30th October 2019 – it was proposed that the Head of Pensions in conjunction with the Chairman and Vice-Chairman of the Pension Fund Committee decide on how the administering authority should cast its vote, based on the Aon advice.

Councillor Robertson objected to this proposal, pointing out that 69 scheme members could suffer as a result of the transfer, specifically the lack of guaranteed increases. In response, it was suggested that it was not possible to judge whether this was the case until Aon had undertaken their work on the reasonableness of the uplifts proposed.

Councillor Robertson proposed an amendment to the recommendations as follows:

“Oppose the Equitable Life transfer as a result of 69 members not having guaranteed increases”. The amendment was seconded by Councillor Shellens. On being put to the vote, the amendment fell.

On a general point, it was suggested that a number of the Implications paragraphs at the end of this and other reports should more accurately specify e.g. “There are no legal implications connected to the contents of this report *in addition to those set out in the body of the report*”. Officers acknowledged this point and agreed to action this going forward.

Members noted the skills and training opportunities available. In response to a question regarding the LAPFF Annual Conference having previously been open to Committee Members, it was noted that this was still open to Members on request, but was now primarily aimed at officers. A Member advised that he had attended the “Introduction to the LGPS” course, and found it very useful.

There was a discussion around the rationale behind Training Credits allocated for each event, and it was noted that the Training Strategy would be reviewed in the near future, and this review would include the allocation of training credits.

It was resolved unanimously:

- 1) To note the content of the report;
- 2) To approve the recommendation for the Pension Fund Committee to delegate the decision on how to vote on Equitable Life’s Proposal to the Head of Pensions in conjunction with the Chairman and Vice Chairman (section 6.11 of the report).

It was resolved by a majority:

- 3) To approve the recommendation for the Pensions Fund Committee to delegate the choice of default investment strategy should the Equitable Life Proposal go

ahead to the Head of Pensions in conjunction with the Chairman and Vice Chairman (section 6.12 of the report).

166. PENSION FUND ANNUAL BUSINESS PLAN UPDATE REPORT 2019/20

The Committee considered a Pension Fund Business Plan Update for the 2019-20 financial year.

Members noted the issues that had arisen with Western Union, regarding Proof of Existence for overseas pensioners. It had been agreed to instead use a certificate which overseas pensioners would need countersigned by a suitable government official.

Members noted that following the introduction of the end of contracting-out on 6th April 2016, it was necessary for all pension schemes to reconcile their scheme members' contracted out liability against that recorded by HMRC. This exercise had been outsourced to ITM Limited. The next stage was to complete the rectification stage of the project, and this work was being progressed by ITM Limited. Additional resources were required for the final stage of the project, which involved ITM Limited cross referencing data in HMRC's final report on members they believe the Fund should have liability for. This work, which was not originally anticipated, would cost an additional £9,000. It was also proposed to purchase a one year license from Heywoods to obtain access the interfaces that would facilitate the pension amendments required. The Cambridgeshire Fund's share of this purchase would be approximately £12,500.

It was resolved unanimously:

- 1) To note the Pension Fund Business Plan update for the period ending 30th September 2019 of the 2019-20 financial year;
- 2) To approve the additional expenditure proposed to complete the contracted-out liabilities reconciliation project (paragraph 2.2.4 of the report).

167. DATA IMPROVEMENT PLAN PROGRESS REPORT

The Committee considered a report detailing progress made against the Pension Fund Data Improvement Plan.

Members noted that 52,861 deferred, frozen, pensioner and dependent member records were submitted through the first stage of tracing. 40,063 were processed in the second stage, against a specialist automated database, and a further 19,255 members were confirmed as living at address held, 6,850 members were confirmed as living at a new address.

It was noted that a significant proportion of the 13,958 'low confidence' cases were likely to relate to situations where there was a bank account which did not have a high level of activity. Only one instance was found where a member had died and the pension was still in payment.

There was a discussion around carrying out an exercise, similar to that which had been carried out with Overseas Pensioners, where a lack of response resulted in pensions

being suspended. It was suggested that this may be stretching the Anti Fraud and Corruption Policy, but officers were asked to consider how a sample exercise could be carried out. Officers agreed that they would review what could be undertaken within available resources. **Action required.**

It was noted that in line with a suggestion made by Mr Walker previously, the annual newsletter re-emphasised the responsibility of the Next of Kin to inform the Pension Service when a scheme member died, and a cut out slip was included in the newsletter which could be kept with pensioner's Will.

It was resolved unanimously:

To note the contents of the report.

168. ADMINISTRATION PERFORMANCE REPORT

The Committee considered a report which set out a number of key areas of administration performance.

There had been no material breaches during the period 1st May to 31st August 2019. In terms of non-material breaches, two annual benefit statements had not been issued to active members on time, but 24,512 were issued by the statutory deadline.

Members' attention was drawn to three Amber risks in the Key Performance Indicators for the period May to August. It was confirmed that the problem with the Pension Administration System that had subsequently been resolved.

Referring to the confidential appendix, it was noted that an invoice for administration charges had been raised following several late payments by a specific employer. There had no further late payments from this employer.

A Member suggested that it would be helpful to provide a comparison to previous years for the data on Disputes. Officers advised that this was a recent addition to the report, and agreed to include comparative data in future. **Action required.**

A Member observed that there were quite a few new late paying employers, and asked if there was a reason for this. Officers advised that there were unaware of any fundamental issues, and that two had been escalated to the employers' team for further action, whilst the rest would continue to be monitored.

It was requested that the amount of late payments in the confidential appendix be right-aligned in future reports. **Action required.**

It was resolved unanimously:

To note the Administration Performance Report.

169. RISK MONITORING – SIX MONTH REVIEW

The Committee reviewed the Risk Register and considered a number of proposed changes. Members were reminded that it had been agreed that the Pension Fund Board would monitor risks on a quarterly basis, whilst the Pension Fund Committee would review the Risk Register twice a year.

A number of changes had been applied to the Risk Register recently at the May Pension Fund Board meeting. At the October Pension Fund Board meeting, Members had agreed to look further at cybercrime risks, and to add Climate Change to the Risk Register.

A Member noted that the Risks “*Failure to respond to changes in economic conditions*” and “*Fund assets are not sufficient to meet obligations and liabilities*” were assessed as Red and Amber respectively, but the presentation by the actuaries on the Fund Valuation indicated this was not the case. It was agreed that these risks needed to be reviewed by the Pension Fund Board in light of the actuaries’ Valuation. **Action required.**

It was resolved unanimously:

1. To review the current risks facing the Fund;
2. To recommend that the Pension Fund Board reviews the Risk Register in light of recent changes.

170. REVIEW OF THE EFFECTIVENESS OF THE PENSION FUND COMMITTEE

Members received feedback on the results from the effectiveness review survey. It was noted that ten out of the eleven Pension Fund Committee Members had completed the survey. Appended to the report were the actions taken as a result of the 2017 review.

Members noted the areas identified for improvement, where more than one Member had highlighted the same concern, and the proposed actions to address those concerns.

A Member commented that there was insufficient interaction between the Pension Fund Board and Pension Fund Committee. It was noted that the Pension Fund Board had been set up in 2015, and was still evolving, but had a strong role in pre-scrutiny and post-scrutiny of items considered by the Pension Fund Committee. It was confirmed that any member of the Pension Fund Board was welcome to attend the Pension Fund Committee, and vice versa. In addition, both bodies reported annually to the County Council, and these reports could be shared. **Action required.** It was acknowledged that there was more that could be done to foster closer working. It was agreed that the Pension Fund Board’s Terms of Reference should be circulated to the Pension Fund Committee. **Action required.** It was also suggested that the Pension Fund Board minutes could be circulated to Pension Fund Committee Members, and the recent report considered by the Pension Fund Board on communications could be circulated to Pension Fund Committee Members. **Action required.** In terms of communications with scheme members, it was noted that the team undertake regular feedback with scheme members, and anyone who

had had contact with the team was surveyed. The Communications strategy would be considered further at a future meeting.

It was resolved unanimously to:

Note the feedback and approve the plan of action to improve the effectiveness of the Pension Fund Committee in the areas identified.

171. EMPLOYERS ADMISSIONS AND CESSATIONS REPORT

The Committee received a report on the admission of five admission bodies and one scheduled body, and the cessation of twelve bodies.

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

That the Pension Fund Committee:

1. Note the admission of the following admitted bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreements:

- Edwards and Blake
- Easy Clean Contractors Ltd
- VHS Cleaning Services Ltd
- Caterlink
- CleanTec Services

2. Note the admission of the following scheduled bodies to the Cambridgeshire Pension Fund:

- St John the Baptist Catholic MAT

2. Note the cessation of the following admission agreements with the Cambridgeshire Pension Fund:

- Aspens (Brampton Village Primary)
- Aspens (Willingham Primary)
- Aspens (Staploe Ed Trust)
- Advanced Cleaning Services (Ridgefield Primary School)
- ABM Catering Limited (Morley Memorial)
- Coram Cambridgeshire Adoption Limited
- Improve IT Ltd
- Pabulum Catering Ltd (Cottenham)
- Pabulum (Ely College)
- Pabulum (Sawtry Junior Academy)
- Pabulum (Swavesey)
- TNS Catering (WASP Cluster 2)

172. ACCESS ASSET POOLING UPDATE

Members considered a report on ACCESS Asset Pooling.

Officers highlighted key points, including the appointment of Kevin McDonald as Interim Director of the ACCESS Support Unit, and the discussion around scheme member representations on the Joint Committee. It had been suggested that one or two scheme member representatives from Local Pension Boards sit on the Joint Committee. Section 151 officers had concluded that existing representation on the AJC via Elected Members was appropriate, and that scheme member and employer involvement in Authorities discharging their fiduciary duty, including asset pooling, was a matter for each Authority to determine locally. It was therefore agreed to retain the existing arrangements. It was also noted that there was an ACCESS Pool representative group that met twice a year, and there were moves to enhance the role of this group.

Officers advised that good progress had been made in terms of sub funds for liquid assets, including both Dodge & Cox and JO Hambro, who represented a significant proportion of the Cambridgeshire Pension Fund's equity investments. The focus was now turning to illiquid assets and alternatives, including ACCESS solutions for private equity, infrastructure debt and property. A consultant had recently been appointed by ACCESS to lead on this process.

There was a discussion about how pooling arrangements potentially impacted on the Valuation of the Fund, in terms of maximising investment returns and reducing both administration costs and management fees. The actuaries advised that whilst this was considered, asset allocation was their primary concern. Members also discussed how the success of the pooling arrangements could be measured, noting that it was hard to compare e.g. management fees may have reduced without pooling.

It was resolved to:

- 1) Note the asset pooling update;
- 2) Note the attached minutes from the ACCESS Joint Committee meeting on the 11th June 2019.

Chairman

CAMBRIDGESHIRE PENSION FUND

Pension Fund Committee

Agenda Item: 2(b)

Action log from previous meetings

This log captures the actions from the Pension Fund Committee of the 10th October 2019 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 6th January 2020.

Outstanding actions from 28th March 2019 meeting of the Pension Fund Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
122.	Annual Business Plan and Medium Term Strategy 2019-20 to 2021-22	Cory Blose	It was noted that measures were being examined to automate monthly data collection as far as possible, and it was agreed to circulate a report on this.	Ongoing – Due to a turn-over in staff running this project, a full project review has been undertaken and a renewed project plan put in place. This was circulated to members ahead of this meeting.

Outstanding actions from 13th June 2019 meeting of the Pension Fund Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
138.	Administration and Performance Report	Michelle Oakensen	With regards to Key Performance Indicators (KPIs) it has been requested that a report is brought to Quarter 3 which would include the customer's full journey, as currently the KPIs do not cover this.	Ongoing – The KPIs are currently in the process of being reviewed. An update will be brought to the January meeting via the Business Plan Update.
140.	Pension Fund Annual Business Plan Update	Joanne Walton	It was reported that Her Majesty's Revenues and Customs Service (HMRC) had still not provided all the information required for the Guaranteed minimum Pension	Completed – HMRC have confirmed that all outstanding queries will be resolved in the final

	2019-20		Reconciliation Project. One Member indicated that he would wish to see errors resolved earlier rather than later, and asked what pressure could be put on HMRC.	report that was due to be issued in December starting with the largest UK pension schemes. At the time of writing, this report has not been issued and further updates are awaited from HMRC. Due to the number of UK pension schemes it is not felt that exerting pressure on HMRC would yield any quicker delivery of the final report. A verbal update will be provided at this meeting should any progress occur.
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Actions from 10th October 2019 meeting of the Pension Fund Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
164.	Valuation of The Fund	Cory Blose	It was agreed that the rules relating to Ill Health retirement would be sent to Councillor Seaton.	Completed
167.	Data Improvement Plan Progress Report	Joanne Walton	In relation to the address tracing exercise, there was a discussion around carrying out an activity, similar to that which had been carried out with Overseas Pensioners, where a lack of response resulted in pensions being suspended. It was suggested that this may be stretching the Anti-Fraud and Corruption Policy, but officers were asked to consider how a sample exercise could be carried out. Officers agreed that they would review what could be undertaken within available resources.	Ongoing – the more forensic level of tracing is ongoing at the time of writing. Options will be considered at the beginning of January and a verbal update will be provided at this meeting.
168.	Administration Performance Report	Michelle Oakensen	A Member suggested that it would be helpful to provide a comparison to previous years for the data on Disputes.	Completed – included in the Administration Report for January 2019 and will be included going forward.
168.	Administration Performance Report	Michelle Oakensen	It was requested that the amount of late payments in the confidential appendix be right-aligned in future reports.	Completed – This amendment has been made for future reports as requested.

169.	Risk Monitoring – Six Month Review	Michelle Oakensen	It was agreed that the risks “ <i>Failure to respond to changes in economic conditions</i> ” and “ <i>Fund assets are not sufficient to meet obligations and liabilities</i> ” needed to be reviewed by the Pension Fund Board in light of the actuaries’ Valuation.	Noted – A full review will be conducted in early 2020.
170.	Review of The Effectiveness of The Pension Fund Committee	Michelle Oakensen	There was a request for the Pension Fund Board’s Terms of Reference to be circulated to the Pension Fund Committee.	Completed – Sent 11 th October 2019.

Item No.	Item	Action to be taken by	Issue	Action/Status
170.	Review of The Effectiveness of The Pension Fund Committee	Democratic Services Michelle Oakensen	It was also suggested that the Pension Fund Board minutes could be circulated to Pension Fund Committee members. The recent report considered by the Pension Fund Board on communications could also be circulated to Pension Fund Committee members.	Dawn Completed – The Digital Communication Strategy is being presented at this meeting for approval.
170.	Review of The Effectiveness of The Pension Fund Committee	Michelle Oakensen	In terms of communications with scheme members, it was noted that the team undertake regular feedback with scheme members, and anyone who had had contact with the team was surveyed. The Communications Strategy would be considered further at a future meeting.	Completed – The approval of the Communication Strategy is on the agenda plan for March 2020.

CAMBRIDGESHIRE PENSION FUND



Pension Fund Committee

14th January 2020

Report by: Head of Pensions

Subject:	Valuation of the Fund
Purpose of the Report:	To provide the Pension Fund Committee with an update on the Pension Fund valuation.
Recommendations:	The Pension Fund Committee is asked to note the valuation update.
Enquiries to:	Name - Cory Blose – Employer Services and Systems Manager Tel – 07990 560829 E-mail – cblose@northamptonshire.gov.uk

1. Background

- 1.1 Fund officers are currently working on a number of activities with the Fund Actuary to complete the valuation of the Pension Fund. This work will continue throughout the 2019/2020 scheme year, culminating in the publication of the valuation report and the rates and adjustments certificate by 31 March 2020.
- 1.2 The purpose of this paper is to provide an update on these activities.

2. Valuation progress update

2.1 Employer Valuation Results

At the time of publication of this paper, Fund officers were due to meet with the Actuary in mid-November to review and discuss individual employer valuation results. Following this meeting the draft results will be issued to employers. A verbal update will be provided to give the Committee an overview of trends from the employer results.

2.2 Funding Strategy Statement Consultation

Following comment and approval at the last Committee meeting, the Funding Strategy Statement has been updated and, at the time of drafting this report, is planned to be issued to employers for consultation, alongside their individual valuation results. This will allow them to assess the impact of the strategy on their individual circumstances. The consultation will close six weeks after issuing the employer valuation results. This will be confirmed verbally at the Committee meeting.

2.3 **Employer Engagement**

In addition to draft employer results, and the draft Funding Strategy Statement being issued to employers, an employer forum is set to be held on 4 December at Girton College.

2.4 The agenda will be focussed on the valuation with the whole Fund results being presented to employers alongside a summary of the draft Funding Strategy Statement and an overview of the process and main trends from the individual employer valuations.

2.5 Employers will also be provided with the opportunity to book a surgery session with the actuary to discuss their own results more directly.

2.6 **Employer Covenant Monitoring**

Following a high level risk assessment carried out by our actuary, officers identified that charitable employers with no guarantor, housing associations and further education colleges presented the largest risk to employers.

2.7 In the case of each of these types of employers, any shortfall in funding that cannot be collected from these employers at cessation would need to be spread across all employers in the Fund.

2.8 A desktop exercise is now being carried out with employer covenant questionnaires being issued to relevant employers. Depending on the results of these questionnaires, further analysis by a covenant expert may be undertaken.

3. **Relevant Pension Fund Objectives**

To 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)
To 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)
To ensure that 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)
To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. (Objective no 5)
To Ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer. (Objective no 9)
To seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund. (Objective no 15)

4. Finance and Resources Implications

4.1 None

5. Risk Implications

5.1 None

6. Communication Implications

6.1 Not applicable

7. Legal Implications

7.1 Not applicable

8. Consultation with Key Advisers

8.1 Consultation with the Fund Actuary was undertaken for this report.

9. Equality Screening

Reason that no Equality Assessment is required	✓ as appropriate
The paper is for information only	✓
The proposal/activity/decision has no impact on customers (scheme members) or the service they receive	
The proposal impacts upon staff but the proposed staffing changes will not affect the service that customers receive	
Other (please explain further)	

10. Alternative Options Considered

10.1 Not applicable

Checklist of Key Approvals	
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 17 th December 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 2 nd December 2019
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 17 th December 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 4 th December 2019

**Cambridgeshire
Pension Fund**



Pension Fund Committee

Date: 14th January 2020

Report by: Head of Pensions

Subject:	Anti-Fraud and Corruption Policy Review
Purpose of the Report	To present the Cambridgeshire Pension Fund Anti-Fraud and Corruption Policy review
Recommendations	The Committee are asked to approve the Anti-Fraud and Corruption Policy
Enquiries to:	Michelle Oakensen, LGSS Governance Officer, moakensen@northamptonshire.gov.uk

1. Background

- 1.1 The administering authority is responsible for ensuring appropriate policies are in place for the safeguarding of the Fund's assets through appropriate methods of risk management. It is therefore appropriate for the Fund to have in place an Anti-Fraud and Corruption Policy.
- 1.2 The administering authority promotes a zero tolerance approach towards fraud, corruption and other malpractice for personal gain. Dishonesty, lack of integrity avoidance of controls and failure to comply with agreed policies will not be tolerated.
- 1.2 The prevention/detection of fraud/corruption and the protection of the public funds are everyone's responsibility and of paramount importance to the authority.

2. Review

- 2.1 The Policy was first created and approved by the Pension Fund Committee in October 2017 and it was felt appropriate time to review.
- 2.2 By establishing contact with members it reduces the likelihood of fraud and a proactive approach can be taken when deceased members are identified to prevent overpayments.
- 2.3 In addition, the Pensions Regulator has put significant focus on data quality and the Cambridgeshire Pension Fund is required to submit a data quality score on a yearly basis. The undertaking of member mortality screening and address tracing ensures the data held by the Fund is as accurate as possible.

3. Changes to the policy

- 3.1 The table below highlights the key proposed changes to the policy following appointment of the Fund's UK mortality screening and address tracing provider and the change in the approach to verifying the continued existence of overseas members –

Section	Change	Detail of activity
10	Addition of mortality screening services and Tell us Once	Deferred, pensioner and frozen refunds members are screened monthly to identify members that have passed away
10	Addition of address tracing services for UK	Address tracing to be carried out every two years with more in depth tracing being carried out for members who will be realising a benefit within the two years following the exercise.
10	Removal of Western Union and replaced with proof of existence certificates	All pensioner members are asked to complete and return a proof of existence form (witnessed by a suitably qualified professional).

4. Pension Fund Board review

- 4.1 The Pension Fund Board were asked to review the proposed changes to the policy at their meeting of the 4th October 2019. The Board supported the proposed changes with no further additions.

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.
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.

6. Risk Management

- 6.1 The Pension Fund Committee and Pension Fund Board are expected to ensure the Fund has an appropriate Anti-Fraud and Corruption Policy in place for the safeguarding of the Fund's assets through appropriate methods of risk management.
- 6.2 The risks associated with not having appropriate policies in place and acting appropriately have been captured in the Fund's risk register as detailed below.

Risk No.	Risk mitigated	Residual risk
8	Risk of fraud and error	Green
16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making	Green

- 6.3 The full risk register can be found at the following link -
<https://pensions.cambridgeshire.gov.uk/app/uploads/2019/05/RiskRegisterCPF.May2019.pdf>

7. Finance & Resources Implications

- 7.1 None.

8. Communication Implications

Website	The Fund will publish the revised policy on its website
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9. Legal Implications

- 9.1 Not applicable.

10. Consultation with Key Advisers

- 10.1 None

11. Alternative Options Considered

- 11.1 There are no alternative options to be considered

12. Background Papers

- 12.1 Not applicable

13. Appendices

- 13.1 Appendix 1 – Revised Anti-Fraud and Corruption Policy

Checklist of Key Approvals	
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 17 th December 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 22 nd November 2019
Has the Chairman of the Pension Committee been consulted?	Councillor Rogers – 17 th December 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 4 th December 2019

Cambridgeshire Pension Fund Anti-Fraud and Corruption Policy 2019

1. Introduction

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

2. Policy Objectives

- 2.1 The Fund’s objectives related to this policy are as follows:
- Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance;
 - Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund’s stakeholders, particularly the scheme members and employers;
 - Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate; and
 - Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.

3. Purpose of the Policy

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

4. Effective date

- 4.1 This Policy was approved by the Pension Fund Committee on 19 October 2017 and was effective from 20 October 2017.
- 4.2 The first review of this policy was presented to the Pension Fund Committee on 14th January and is effective from xx.

5. Review

- 5.1 This Anti-Fraud and Corruption Policy is expected to be appropriate for the long-term but it will be reviewed by officers annually, and if necessary, more frequently to ensure it remains accurate and relevant. The policy will be presented to the Pension Fund Committee if there are any significant changes to be approved

6. Scope

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

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

7. Culture

- 7.1 The administering authority promotes a zero tolerance approach towards fraud, corruption and other malpractice for personal gain. Dishonesty, lack of integrity avoidance of controls and failure to comply with agreed policies will not be tolerated.
- 7.2 The prevention/detection of fraud/corruption and the protection of the public funds are everyone's responsibility and of paramount importance to the authority.
- 7.3 Concerns must be raised when members or employees reasonably believe that one or more of the following has occurred, is in the process of occurring or is likely to occur:
- a criminal offence;
 - a failure to comply with a statutory or legal obligation;
 - improper unauthorised use of public or other funds;
 - a miscarriage of justice;
 - maladministration, misconduct or malpractice; and/or
 - deliberate concealment of any of the above.

- 7.4 The Council will ensure that any allegations received in any way, including by anonymous letters or phone calls, will be taken seriously and investigated in an appropriate manner, subject to the requirements of the Human Rights Act 1998 and other statutory provisions. The administering authority will deal firmly with those who defraud the Council, or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as raising malicious allegations) may be dealt with as appropriate.
- 7.5 When fraud or corruption have occurred because of a breakdown in systems or procedures, the administering authority will ensure that appropriate improvements are implemented to prevent a reoccurrence.

8. Responsible Officers

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

9. Deterrence

- 9.1 The publication of this Anti-Fraud and Corruption Policy and regularly reinforcing that the administering authority operates a zero tolerance approach will help deter those considering perpetrating fraudulent activity.
- 9.2 Where any loss is incurred to fraud and corruption the administering authority will take action to recover monies owed.
- 9.3 Managers are expected to conduct risk reviews of the systems and procedures for which they are responsible and proactively update where weakness has been identified.
- 9.4 Pension Fund Committee and Local Pension Board members receive regular reports on Internal Audit activity and these will include summary details of investigations into allegations of fraud and financial impropriety.

9.5 After an investigation, sanctions will be applied where fraud and corruption are proven to be present. This will be done in a comprehensive, consistent and proportionate manner whereby all possible sanctions – disciplinary, civil and criminal are considered. For elected members this will include the sanctions available for breaches of the Members’ Code of Conduct. The level of sanction pursued will be considered at the end of the investigative process when all evidence is available.

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

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

Activity	Detail of activity	Responsibility
Biennial participation in the National Fraud Initiative	The National Fraud Initiative (NFI) exercise matches electronic data within and between public and private sector bodies to prevent and detect fraud.	Officers are responsible for starting investigations into the members identified within one month of the report being received. The Head of Pensions will be notified of any fraudulent cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Monthly mortality screening	Deferred, pensioner and frozen refunds members are screened monthly to identify members that have passed away.	Officers are responsible for overseeing the process with the Fund’s supplier of mortality screening services (Accurate Data Services) and are responsible for ensuring that appropriate action is taken where deceased members are identified. The Cambridgeshire Pension Fund subscribes to the Department of Work and Pensions Tell Us Once service and is notified of any deaths of scheme members through this service. Notifications are received shortly after a death has been registered but as it is a voluntary service the Fund cannot rely on the representatives of all members to use it, hence the requirement for a supplier of mortality screening services. The Head of Pensions will be notified of any fraudulent cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.

Activity	Detail of activity	Responsibility
Annual proof of existence for overseas members	All pensioner members are asked to complete and return a proof of existence form (witnessed by a suitably qualified professional).	Officers are responsible for conducting this exercise and suspending the ongoing of pension of payment for nil returns until contact has been made or notification that the member has died is received. The Head of Pensions will be notified of any fraudulent cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Address tracing for members residing in the UK.	Address tracing to be carried out every two years with more in depth tracing being carried out for members who will be realising a benefit within the two years following the exercise.	Officers are responsible for overseeing the process with the Fund's supplier of address tracing services (Accurate Data Services) and are responsible for ensuring that appropriate action is taken with information received. The Head of Pensions will be notified of any fraudulent cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Returned payslips	Pensioner payslips are sent the first month an individual receives a pension, and then if their net pay changes by more or less than £5 from one month to the next. Payslips are also issued every March, April and May to reflect pensions increase. Returned payslips could be due to a change of address or death of member.	Investigations to be carried out by Officers within one month of the returned payslip being received. The member payroll record will be immediately suspended until contact is re-established with the scheme member or confirmation of the member's death. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Returned BACS payments	BACS payments returned to the Fund by the recipient's bank/building society shortly after the payment date if the account has closed or an error has occurred. The returned payment could be due to a change of bank details or death of member.	Investigations to be carried out by Officers within one month of the returned payment. The member payroll records will be suspended until contact is re-established with the scheme member or confirmation of the member's death. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.

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

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

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

11. Investigation

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

This is essential to the policy, to:

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

12. Sanctions

- 12.1 It is highly likely that the administering authority will seek to prosecute offenders wherever appropriate.
- 12.2 Any decision to refer a matter to the police will be taken by the Head of Pensions and Audit Manager in consultation with the Council’s Section 151 Officer and the Chairman of the Pension Fund Committee.

13. Related Documents

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

14. Contact details

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

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Head of Pensions
01604 366537

MWhitby@northamptonshire.gov.uk

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CAMBRIDGESHIRE PENSION FUND



Pension Fund Committee

Date: 14th January 2020

Report by: Head of Pensions

Subject:	Digital Communications Strategy
Purpose of the Report	To present the draft Digital Communication Strategy for approval by the Pension Fund Committee
Recommendations	The Committee are asked to approve the draft digital communications strategy
Enquiries to:	Name – Cory Blose Tel – 07990560829 E-mail – cblose@northamptonshire.gov.uk

1. Background

- 1.1 The Funds' communication plan was approved by the Pension Fund Committee on 13th June 2019. In the covering report it was stated that a digital communication strategy would be submitted later in the year.
- 1.2 The draft Digital Communications Strategy is enclosed as **Appendix 1**. This document provides a proposed strategy for how the Fund will use communications technology to enhance stakeholder experience and reduce costs, where appropriate.
- 1.3 The Pension Fund Board provided pre-scrutiny of this strategy documents and the suggestions of the Board have been incorporated into this final draft.
- 1.4 The Committee are asked to consider and approve the proposed strategy document.

2. The Digital Communication Strategy

- 2.1 The digital communication strategy outlines how the Fund uses and/or plans to use technology to find more engaging methods of communicating with employers and members digitally.

- 2.2 It also sets out the key objectives, which are aligned to the overall communications strategy; provides details of the Fund's stakeholders and outlines the confidentiality, accessibility and disclosure commitments of the Fund.
- 2.3 The document further shows how it is planned to implement the digital communications strategy, detailing the tools intended to be used and how they will be used. The strategy also sets out how success will be measured.
- 2.4 The strategy details how the Fund plans to increase the use of digital communications and will move to a policy of digital communications as standard. For Scheme members, this will be facilitated through the increased use of members' online pension accounts to deliver benefit calculations and other documents. Bulk email and text messaging facilities will also be used to provide information to members and notifications that documents are available online.
- 2.5 The strategy also confirms that members can opt out of electronic communications at any time.

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 no 1</i>
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. <i>Objective 10</i>
Promote the scheme as a valuable benefit. <i>Objective no 12</i>
Deliver consistent plain English communications to Stakeholders. <i>Objective no 13</i>
Provide Scheme members with up to date information about the scheme so they can make informed decisions about their benefits. <i>Objective no 14</i>

4. Finance & Resources Implications

- 4.1 There are no direct finance and resource implications of approving this strategy, however, the communication activities themselves will have costs and resource implications which will depend entirely on the final specification of each digital communication activity. The costs associated with delivering these activities have been built into the business plan.

5. Risk Management

Risk register	Risk mitigated	Residual risk
Administration and Communication (risk 5)	Information may not be provided to stakeholders as required	Green

Administration and Communication (risk 10)	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	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

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

6. Communication Implications

Direct Communications	Employers will be emailed to inform them of the that the digital communication strategy has been published on the LGSS Pensions website
Website	The approved digital communication strategy will be published on the LGSS Pensions website
Internal Communications	The approved digital communication strategy will be distributed internally to officers.

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. Appendices

- 10.1 Appendix 1 – 2019-20 Digital Communications Strategy

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 – 17 th December 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 22 nd November 2019
Has the Chairman of the Pension Committee been consulted?	Councillor Rogers – 17 th December 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 4 th December 2019

Cambridgeshire Pension Fund

Digital Communication Strategy 2020

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1. Introduction

This is the digital communications strategy for the Cambridgeshire Local Government Pension Fund managed by Cambridgeshire County Council (the administering authority). The administration of the Fund is carried out by the LGSS Pensions Service.

The Fund has around 178 employers with contributing members and a total membership of over 75,000 scheme members. These members are split into the following categories and with the following approximate numbers of members in each category:

Category	Cambridgeshire Pension Fund
Active scheme members	28,976
Deferred scheme members	27,659
Pensioner members	18,775

This document provides further detail on our commitment outlined in our communications strategy to using technology to enhance our service and reduce costs, where appropriate.

2. Background

The communications strategy outlines the strategic approach to communications of the Fund. The strategy includes the policies of the Fund concerning communications with the Fund's key stakeholders, including the provision of information, the communications objectives of the Fund, how success will be measured and the methods of communication that the Fund will use.

In an increasingly digital world, it is important for the Fund to use the latest technology to adopt new ways of communicating with our stakeholders and ensure:

- stakeholders have a better experience when interacting with the Fund
- Fund officers have the skills, knowledge and tools available to communicate with stakeholders in the most secure and efficient ways possible
- the Fund can deliver on its communications objectives as effectively as possible by using the communication channels most likely to get through to stakeholders
- the cost and time spent communicating with stakeholders is reduced
- communications are secure by default.

This digital communications strategy provides information about how the Fund will use digital communication technologies to implement the communications strategy and meet its communication objectives.

Digital communications offer many benefits over paper:

- environmentally friendly by being paper-free with no printing or physical distribution needed
- quicker, more reliable, more secure and less costly than postal communication

- information is easily available to stakeholders whenever they need it
- documents are stored digitally in one place and available at all times eliminating the need to print and store documents
- easier to engage in bulk communications with stakeholders
- increases engagement by mirroring the way that people communicate at home

Industry analyst CACI Limited predict **72% of the UK adult population will bank via a phone app by 2023**. It's also becoming more common for members of the public to receive financial statements and documents electronically. A recent report by Hootsuite, a market leader in social media and marketing management, also found that:

- 95% of the UK population are internet users
- 90% are using the internet for personal use every day
- the average daily time spent using the internet on any device was 5 hours 46 minutes
- 92% of the UK adult population has a mobile phone
- 80% of the total population use the internet on their mobile
- 51% of internet users use mobile banking

3. Digital communication strategy

Regulatory Framework

The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 came into force on 6th April 2014. Before ceasing postal communications, Funds are required to write to members by post on multiple occasions informing them of their intention to move to digital communications as standard and offering them the option of opting out of receiving digital communications.

Key objectives

The digital communications of Cambridgeshire Pension Fund will be used to deliver the following objectives outlined in our business plan:

- Objective 12. Promote the scheme as a valuable benefit
- Objective 13. Deliver consistent plain English communications to stakeholders
- Objective 14. Provide scheme members with up to date information about the scheme so they can make informed decisions about their benefits.

Measurements are in place to determine if these objectives are being met – see 'Implementation of digital communication key objectives'.

Our digital communications strategy also helps to meet the following objectives in our business plan:

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

- Objective 10. Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.

Stakeholders of the Fund

There are several categories of stakeholder as detailed below:

- Active scheme members
- Prospective scheme members
- Deferred scheme members
- Retired and dependant scheme members
- Scheme employers
- Fund staff
- Pension Fund Committee
- Cambridgeshire tax payers
- Members of the public
- Scheme Advisory Board
- Local Pension Board
- External bodies:
 - Trades Unions
 - Her Majesty's Revenue & Customs (HMRC)
 - Department for Communities and Local Government (DCLG)
 - The Pensions Regulator
 - National Fraud Initiative
 - Audit Commission
 - HM Treasury
 - Department of Work and Pensions (DWP)

Confidentiality

The Fund is registered under the Data Protection Act 1998 as part of Cambridgeshire County Council. Information will be shared between Cambridgeshire County Council and Northamptonshire County Council for the purposes of pensions' administration. Information regarding scheme members and organisations is treated with respect by all our staff.

Disclosure

The Fund may, if it chooses, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund, for example, the Fund's notification providers. When exchanging data with third parties we use secure portals. Our full privacy notice is published on the Fund's website:

- pensions.cambridgeshire.gov.uk

by clicking on Governance and then Key Documents.

Equality and Accessibility

We are committed to ensuring our digital communications are accessible to everyone. We give all members the option to opt out of electronic communications or to receive them in the best format for them eg braille, audio CD, alternative languages or other reasonable adjustments. We also make sure that our communications are easy to understand through use of Plain English accreditation and readability scores.

A scheme member can opt out of electronic communications, at any time, by informing us in writing that they wish to do so.

In addition; for web based communications:

- Our website navigation works in a consistent way throughout our website.
- We use a standard web font to make it easy to read.
- Any images we use also include a text description to explain what they are, unless they're only descriptive.
- We never use colour as the only way to convey information.
- We write our links so that they make sense when screen readers analyse them.

Implementation of digital communication key objectives

This table sets out the implementation of the electronic delivery of the Fund's key communication objectives.

Objective	Digital implementation	Measures of success
Promote the scheme as a valuable benefit	<ul style="list-style-type: none">• Emails (through 3rd party bulk notification systems)• Texts (through 3rd party bulk notification systems)• Electronic newsletters• Self-service portals• Digital materials provided to employers for publication via:<ul style="list-style-type: none">○ Intranet communications○ Website content○ Video walls (where available)○ Meeting room pads (where available)○ Blogs	<ul style="list-style-type: none">• Click-throughs• Google analytics results• Reduction in number of members opting out of the scheme• Positive feedback measured through electronic surveys• Readability scores• Bulk email engagement ratings (% opened & clicked links)• Text notification delivery stats• Plain English accreditation
Provide scheme members with up to date information about the scheme so they can make	<ul style="list-style-type: none">• Emails (through 3rd party bulk notification systems)• Texts (through 3rd party bulk notification systems)• Electronic newsletters• Website content	<ul style="list-style-type: none">• Bulk email engagement ratings (% opened & clicked links)• Text notification delivery stats• Surveys & polls on websites / focus groups• Google analytics results

informed decisions about their benefits	<ul style="list-style-type: none"> • Self-service portals 	<ul style="list-style-type: none"> • Monitor incoming calls and email volumes
Deliver consistent plain English communications to stakeholders	<ul style="list-style-type: none"> • Emails (through 3rd party bulk notification systems) • Texts (through 3rd party bulk notification systems) • Electronic newsletters • Self-service portals • Digital materials provided to employers for publication via: <ul style="list-style-type: none"> ○ Intranet communications ○ Website content ○ Video walls (where available) ○ Meeting room pads (where available) ○ Blogs 	<ul style="list-style-type: none"> • Positive feedback measured through electronic surveys • Readability scores • Bulk email engagement ratings (% opened & clicked links) • Plain English accreditation

As this will be the first year of introducing the digital communications strategy, we will be collating information under measures of success to give a benchmark from which to produce target levels for future years.

Methods of communication

The Fund aims to increase the use of electronic communication tools to achieve its communication objectives. The following are some of the ways that we currently use and/or wish to use in the future in order to do so.

Self-service

All members of the Fund have been offered access to a personal online pension account. This gives members controlled access to their own details, allowing them to review and update their personal information, view information about their pension benefits and carry out benefit projection calculations.

The Fund aims to move to a position where most communications are sent to members through their online pension account, with electronic notifications used to inform them that these are available online, replacing postal communications.

Both active and deferred members already receive their annual benefit statements through their online account each year and it is also planned to provide payslips and P60s to pensioner members via their online account.

Employers also have access to a self-service facility to view and update member records and carry out certain benefit calculations themselves.

Electronic notifications

The Fund uses bulk notification systems to manage and deliver bulk communication to both members and employers. The Fund will use these systems to manage communication campaigns, by email and text message, to provide important information and increase member and employer engagement.

Emails will be used for promotional campaigns and important scheme updates to both members and employers and to notify members that documents and other communications are available through their online pension account. Text messaging will be used solely to notify members and employers that documents and other communications are available through their online pension accounts.

These communication methods will provide a better, more secure experience for both members and employers, increase efficiency and reduce the cost and time of communicating with these particular stakeholders.

We will measure the success of these communications using reporting tools within the notification systems which provides us with valuable information on how many:

- emails were delivered
- emails were opened
- links were clicked on

This enables us to determine how engaging a communication is and to make changes or send follow-up communications where appropriate.

A scheme member can opt out of electronic communications, at any time, by informing us in writing that they wish to do so.

Skype

Skype software allows users to make calls, video calls or engage in chat over the Internet. This application is used widely by the Fund to:

- communicate with team members working remotely
- deliver training webinars to employers
- have conference calls with employers, other pension Funds and other third parties.

The use of Skype enables the Fund to work smarter by eliminating travel time, reducing costs and increasing capacity.

Secure web portals

The Fund accepts and shares data with employers and other third parties securely through the use of web based data portals. These include:

- **i-connect** – i-connect facilitates the monthly collection of data from employers either through uploading an i-connect extract through the portal or direct input via a webform based within the portal itself. This will improve the experience for employers by providing a streamlined approach to providing data. It also improves the experience for members who will be able to more up to date information through their online account.

- **Tell Us Once** – this site shares registered death information by local authorities on behalf of the Department for Work and Pensions (DWP). The Fund receives and provides data for the use of Tell Us Once.
- **National Insurance database** – this enables the Fund to check whether members are entitled to refunds. The Fund receives and provides data for use of the database.
- **The National Fraud Initiative (NFI)** this portal helps us to match electronic data within and between public and private sector bodies to prevent and detect fraud.

4. Further information

If you have any queries in relation to this digital communications strategy please get in touch:

LGSS Pensions Service
One Angel Square
Angel Street
Northampton
NN1 1ED

01604 366537

pensions@northamptonshire.gov.uk

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

CAMBRIDGESHIRE PENSION FUND



Pension Fund Committee

Date: 14th January 2020

Report by: Head of Pensions

Subject:	Pension Fund Annual Business Plan Update report 2019/20
Purpose of the Report	To present the Pension Fund Business Plan Update for the period from 1 st September to 31 st October 2019 to the Pension Fund Committee.
Recommendations	The Pension Fund Committee is asked to note the Pension Fund Business Plan Update for the period ending 31 st October 2019 of the 2019/20 financial year
Enquiries to:	Mark Whitby, Head of LGSS Pensions mwhitby@northamptonshire.gov.uk

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 for the period up to 30th September 2019 of the 2019/20 Business Plan, which was approved by the Pensions Committee on 28th March 2019.
- 1.2 A full list of the key activities for the 2019/20 financial year can be found in **Appendix 1** of this report.

2. Key Pension Fund Activities

2.1 Service Delivery (SD)

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
SD1	Monitor staffing levels in line with organisational reform	✓G					
SD2	Retain Customer Service Excellence standard accreditation		✓G			✓	

2.1.1 SD1 - Monitor staffing levels in line with organisational reform

Action: Keep under review the ability to recruit and retain staff during the forthcoming period of organisational reform with regards to the future shape of LGSS and local government in Northamptonshire anticipated in 2021. The Pension Fund Committee will be kept informed of all developments in this area.

Update: Vacancy levels are below historic levels with most areas now effectively at full establishment. A report on local government reorganisation, and the potential impact of the Fund, will be brought to the Committee in due course.

Key Milestones:

All actions to be completed for Q1 to Q4 April 2019 to March 2020 – **On target for completion.**

2.1.2 SD2 – Retain Customer Service Excellence standard accreditation

Action: Retain Customer Service Excellence (CSE) Standard accreditation and develop and implement Action Plan from feedback received.

Update: The full CSE review which took place in August 2019 identified a number of “areas for continuous improvement” which officers will focus on to retain the compliance in these areas. Also highlighted were a number of “areas of strength” which will also be focused on to further strengthen compliance ratings to that of compliance plus.

An action plan has been developed to achieve both continued compliance and additional compliance. In total there are 12 key areas being reviewed including; customer insight, satisfaction levels, monitoring and maintaining internal standards, key departmental and performance targets and communication to customers.

The plan will continue to be implemented until early 2020, at which point information will be submitted for the re-assessment in June 2020.

Key Milestones:

- Full assessment Q2 August 2019 – **Completed.**
- Develop and implement action plan Q3 November 2019 – **Completed.**

2.2 Governance and compliance (GC)

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
GC1	Procure a supplier of specialist legal advice			✓G			
GC3	Obtain proof of continued existence of scheme members residing overseas		✓G				
GC5	Deliver actions stemming from the review of the Fund's Additional Voluntary Contribution providers		Completed				

GC7	Complete the Guaranteed Minimum Pension reconciliation project with rectification of members records	✓G		
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2.2.1 GC1 – Procure a supplier of specialist legal advice

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 to avoid a full OJEU procurement process. 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: An Invitation to Further Competition was developed and issued in November 2019. Responses will be scored in December 2019 with the contracted awarded prior to Christmas 2019. The new contract will be effective from 1st February 2020 for 3 years plus a 1 year possible extension. An update will be provided to the Pension Fund Committee as to the successful bidder at this meeting.

Key Milestones:

- Produce specification Q3 September 2019 – **Completed**
- Publish tender Q3– **Completed**
- Award contract December 2019 – **On target for completion.**

2.2.2 GC3 - Obtain proof of continued existence of scheme members residing overseas

Action: The Fund's Anti-Fraud and Corruption policy states that an exercise will be undertaken to prove the continuing existence of scheme members residing overseas every 2 years, to ensure pensions continued to be paid to the correct and eligible recipient.

Update: It was initially planned to use Western Union's Proof of Existence service to conduct this exercise as was the method in 2017. When undertaking a review of the terms and conditions of this service, LGSS Pensions, the Fund's legal advisors and the administering authority's Information Governance Team were uncomfortable with the position taken by Western Union with regards to the General Data Protection Regulation (GDPR). Western Union believed their GDPR responsibilities were limited to that of a Data Controller when the view of the administering authority was that Western Union were a Data Processor; a role that is accountable for any data breaches and their associated penalties. Attempts were made to negotiate with Western Union but no change of position could be agreed and given the risks associated with operating outside of the EEA, as would be the case for a number of members within the scope of this project, it was decided not to proceed.

Instead the alternative method will involve LGSS Pensions sending a proof of existence certificate to all pensioner members that reside overseas. The certificate will require a witness in the form of a suitable government official.

Key Milestones: (amended due to change in process)

- Prepare communications to members Q2 September 2019 – **Completed**.
- Commence process with members Q3 November 2019 – **Completed**.

2.2.3 GC7 - Complete the Guaranteed Minimum Pension reconciliation project with rectification of members' records

Action: Following the introduction of the end of contracting-out on 6th April 2016, it was necessary for all pension schemes to reconcile their scheme members' contracted out liability against that recorded by Her Majesty's Revenue and Customs (HMRC). Failure to record the correct data for individual scheme members could result in schemes having to pay benefits in respect of members for which they do not have a liability. The Fund outsourced the reconciliation stage of this project to ITM Limited and it was estimated to complete in April 2019 when HMRC had responded to all queries that have been raised. The next stage would be to rectify any errors with the data held by the Fund.

Due to the number of member records estimated to require rectification, it was proposed that ITM Limited will be procured jointly with Northamptonshire Pension Fund via direct award from the National LGPS Framework for Third Party Administration Services to complete this stage.

Update: This project remains on target to complete with the rectification to member records taking place in February 2020. Section 7.2.2 and 7.2.3 of the Administration Report that is to be presented at this meeting provides further detailed information about recent work undertaken to complete the project.

Key Milestones: (amended due to delays with HMRC)

Completion of reconciliation stage was scheduled for Q1 April 2019 but is still ongoing due to delays with processing queries by HMRC – **Ongoing**.

Direct award contract for rectification Q1 April 2019 – **Completed**.

Planning and testing, verification of results Q1-Q4 April 2019 to February 2020 – **On target for completion** depending on HMRC's ability to provide responses to all queries raised.

2.3 Communications, Systems and Employer Management (CSEM)

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
CSEM2	Develop and implement a digital communications strategy		✓A				
CSEM4	Implement monthly data collection for all employers		✓A				
CSEM5	Manage the 2019 valuation		✓G				

2.3.1 CSEM2 - Develop and implement a digital communications strategy

Action: In order to better engage with members and employers, improve efficiency, data security and reduce costs the Fund requires a digital communications strategy. This will set the Fund's approach to using digital communications channels to engage with scheme members and employers. It will provide detail on the Fund's digital communication objectives, what communication channels will be used to achieve these objectives and in what circumstances. It will also provide guidance on best practice for such communications.

Update: The digital communication strategy has been drafted and has previously been submitted to the Local Pension Board for pre-scrutiny. The final draft is presented to the Committee for comment and approval, today.

Key Milestones:

- Induct new Communications Officer into the team Q1 April to May 2019 – **Completed.**
- Set the objectives for digital communication Q1 May 2019 – **Completed.**
- Produce the digital communication strategy Q2 June to July 2019 – **Completed.**
- Pension Fund Committee to approve the digital communication strategy Q3 October 2019 – **Rescheduled to December 2019.**

2.3.2 CSEM4 – Implement monthly data collection for all employers

Action: The Fund needs to collect and hold up to date, accurate records of members benefits to respond to the number of members using their online pension account to monitor their current pension benefits and obtain pension estimates. This requires the monthly collection of member data from employers. Some large employers already use i-connect to submit their data on a monthly basis, but, this must be rolled out to all employers. Monthly data will improve the efficiency of the data collection process, provide improvements in the quality of data received and improve the service provided to scheme members.

Update: All existing small employers have received training on using the new online portal for providing data on a monthly basis. The team are working with the remaining large employers to develop their i-connect extracts and bring them on-board by 31 March 2020. A training and Q&A session was held for these employers at our employer forum in December.

Key Milestones:

- Cease issuing old data collection interfaces to new employers Q1 April 2019 – **Completed.**
- Migrate existing small employers to the online i-connect portal Q1-Q3 April to December 2019 – **On target for completion.**
- Migrate existing large employers to monthly i-connect extract Q2-Q3 September to November 2019 – **Rescheduled to Q4.**

2.3.3 CSEM5 – Manage the valuation

Action: The Fund must be valued on a triennial basis with employer contribution rates set for the following 4 years. The last valuation was carried out in 2016 and the current valuation will be carried out as at 31st March 2019 with whole Fund results issued in the summer of 2019 and individual employer results and contribution strategies issued in the winter. The new rates will come into effect from 1st April 2020.

Update: The valuation is on target for completion. A full update is being provided as part of the agenda at this meeting.

Key Milestones:

- Carry out pre-valuation data activities Q1 April to June 2019 – **Completed.**
- Actuary carry out the Valuation Q2 July to August 2019 – **Completed.**
- Draft the Fund's Funding Strategy Statement Q2 September 2019 – **Completed.**
- Funding Strategy Statement to be approved by the Committee Q3 October 2019- **Completed.**
- Issue whole Fund valuation results Q3 October 2019 – **Completed.**
- Issue individual employer results Q3 2019 November 2019 – **On target for completion.**
- Publish Valuation Report Q4 March 2020 – **On target for completion.**

2.4 Operations (OPS)

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
OPS1	Processing of undecided leavers	✓A					
OPS2	Design a range of customer experience key performance indicators	✓G					

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.

Update: A full update is provided in the Administration Report. From the baseline position of 5,823 cases as at July 2018, 2,235 cases (38%) have now been completed, leaving 3,588 remaining.

The Multi DB cases being processed by Aon are requiring considerably more activity than estimated, including a number of process changes to ensure appropriate validation checks. This has increased the length and cost of this variable cost project by £100k, but the project has now been moved to a fixed cost to ensure no further increases. Aon have agreed to absorb significant costs to reach this figure. The Chairman was advised of these increased costs, enabling the project to proceed.

Key Milestones:

- Process approx. 1,000 Multi DB cases - Q4 Mar 2020 – **On target for revised completion date.**
- Process other backlog cases alongside BAU - Q4 Mar 2020 - **On target for revised completion date.**
- Design and implement processing solution for remaining backlog – Q4 Mar 2021 – **On target for completion date.**

2.4.2 OPS2 – Design a range of customer experience key performance indicators

Action: The Fund's current KPIs focus on the performance of the scheme administrator. As part of improving customer excellence, the Fund is committed to understand and report on the customer experience associated with key casework procedures.

Update: The development stage has been extended to ensure that the work-flow system produces accurate results on the members' experience. The findings will be reported at the March 2020 meeting of the Pension Fund Committee.

Key Milestones:

- Design the process of reporting the KPIs Q1 – Q2 April 2019 to September 2019 – **Completed.**
- Identify the processes which will be evaluated first Q3 October to December 2019 – **Completed.**
- Delivery of first customer journey KPIs Q4 January to March 2020 – **On target for completion.**

2.5 Investments and fund accountancy (IA)

Reference	Key action/task	2019/20				Medium Term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
IA2	Implement the strategic asset allocation		✓G				
IA6	Implement online payment platform for employers' contribution payments			✓R			
IA8	Tender for an independent adviser			✓A			
IA10	Consider multi-fund investment strategies	✓G		✓R			
IA11	Implement the Local Economic Development Fund		Completed				

2.5.1 IA2 – Implement the strategic asset allocation

Action: The 15th February 2019 Investment Sub Committee agreed the asset allocation changes to be presented to the 28th March Pension Fund Committee for approval and adoption. The implementation of the revised strategic allocation is as follows.

Update: Four equity managers have presented to a special Investment Sub-Committee (ISC) meeting held on the 6th November 2019. Members were asked which of three global managers (if any) should fill the global equity slots and, following a training session, whether the fund should have a specific allocation to Emerging Markets Equities.

Review of fixed income was considered by the ISC in November 2019. Timing of implementation will be dependent on the availability of manager sub funds in the ACCESS pool.

Key Milestones:

- Implement infrastructure mandates Q2 July to September 2019 – **Completed.**
- Implement revised equity mandates Q3 October to December 2019 – **On target for completion.**
- Review fixed income strategy Q3 October to December 2019 – **On target for completion.**

2.5.2 IA6 – Implement online payment platform for employers' contribution payments

Action: To implement an online payment platform for receiving contribution payments more efficiently into the Pension Fund bank account. This platform will enable online input, validation and payment of scheme employer contribution payments as well as auto-reconciliation of the payments once received. Design and implementation of the payment solution commenced in the 2018-19 year as an additional activity to the Business Plan.

Update: There is an outstanding issue regarding the outcome of payments. Contribution payments are able to be processed by the employer but the system is unable to confirm that the payment success. Finance Business Analyst are actively chasing the third party provider to resolve this issue.

Key Milestones:

- Implementation of solution Q1 April to June 2019 – **Completed.**
- Platform live with test party Q2 July to September 2019 – **Completed.**
- Launch platform to all employers Q3 October to December 2019 – **Rescheduled to Q4.**

2.5.3 IA8 - Tender for an independent adviser

Action: It is proposed, subject to agreement of the Committee, to procure an independent investment adviser for the Fund. Northamptonshire Pension Fund has an existing arrangement which expires in January 2020 therefore it is proposed to share procurement costs in a joint exercise to coincide with Northamptonshire's re-tender process.

Update: Officers are working towards issuing a specification for the independent adviser role in Q4. The procurement has been separated from the Northamptonshire Pension Fund (NPF) as NPF has decided to extend the existing adviser's contract by twelve months.

Key milestones:

Undertake tender Q3 October to December 2019 – **Rescheduled to Q4.**

2.5.4 IA10 – Consider multi-fund investment strategies

Action: Following the introduction of HEAT, the Hymans Employer Asset Tracker, and the Committee agreed to consider the introduction of multiple investment strategies that could take account of the varying requirements of different classes of scheme employer.

A proposal will be brought to the Committee alongside the Funding Strategy Statement as part of the triennial valuation process. This would include a proposed implementation timeframe.

Update: It was originally planned for a proposal to be brought to the Committee as an integral part of the 2019/20 triennial valuation process. Based on revised professional advice, this activity has been rescheduled to take account of the individual employer positions/results arising from the valuation process, with a proposal being developed for consideration by the Committee in June 2020. The milestones below have been updated accordingly.

Key milestones:

- Initial actuarial advice on multiple investment strategies Q3 2019/20 – **Received.**
- Develop proposal with professional advisors Q4 2019/20 to Q2 2020/21 – **On track for revised target date.**
- Multi-fund investment strategy to be put forward for approval by the Pension Committee June 2020 – **On track for revised target date.**
- Communication and implementation of multi-fund investment strategy Q2 2020/21 to Q4 2020/21 - **On track for revised target date.**
- Multi-fund investment strategy live 1 April 2021 - **On track for revised target date.**

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 Pension Fund 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 No.	Risk	Residual risk rating
7	Those charged with the governance are unable to fulfil their responsibilities effectively	Green
13	The scheme would not be administered in line with regulations and guidance	Green
15	Pension Fund objectives not defined and agreed	Green

- 4.3 A full version of the Fund risk register can be found at the following link - <https://pensions.cambridgeshire.gov.uk/app/uploads/2019/04/Cambridgeshire-Risk-Register.pdf>

5. Communication Implications

Direct Communications	The Business Plan Update will be presented to the Pension Fund Committee at each meeting.
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6. Finance & Resources Implications

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

7. Legal Implications

- 7.1 Not applicable

8. Consultation with Key Advisers

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

9. Alternative Options Considered

- 9.1 Not applicable

10. Background Papers

- 10.1 Annual Business Plan and Medium Term Strategy 2019/20 – <https://cambridgeshire.cmis.uk.com/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/954/Committee/16/Default.aspx>

11. Appendices

- 11.1 Appendix 1 – Full list of Key Fund Activities for the 2019/20 financial year.

Checklist of Key Approvals	
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 17 th December 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 2 nd December 2019
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers– 17 th December 2019
Has this report been cleared by Monitoring Officer?	Fiona McMillan – 4 th December 2019

Appendix 1 – Full list of Key Fund Activities for the 2019/20 financial year.

Service Delivery

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
SD1	Monitor staffing levels in line with organisational reform			✓G			
SD2	Retain Customer Service Excellence standard accreditation		Completed			✓G	

Governance and Compliance

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
GC1	Procure a supplier of specialist legal advice			✓G			
GC2	Procure a supplier of mortality screening and member tracing services and process results	Completed					
GC3	Obtain proof of continued existence of scheme members residing overseas		✓A				
GC4	Re-procurement for administration and payroll system					✓G	
GC5	Deliver actions stemming from the review of the Fund's Additional Voluntary Contribution providers	Completed.					
GC6	Scope potential liability reduction exercises					✓G	
GC7	Complete the Guaranteed Minimum Pension reconciliation project with rectification of members records			✓G			

Communications, Systems and Employer Management

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
CSEM1	Incorporate employer covenant monitoring into the valuation cycle	Completed					
CSEM2	Develop and implement a digital communications strategy	Completed					
CSEM3	Review cyber resilience				✓G		
CSEM4	Implement monthly data collection for all employers		✓A				
CSEM5	Manage the 2019 valuation		✓G				

Operations

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
OPS1	Processing of undecided leavers			✓G			
OPS2	Design a range of customer experience key performance indicators		✓G				

Investments and fund accountancy

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
IA1	Continue development of the asset pool	✓G			✓G		
IA2	Implement the strategic asset allocation		✓G				
IA3	Implement the cash management policy	Completed					
IA4	Extend global custody contract for 2 years		Completed				
IA5	Re-tender collaboratively with ACCESS for global custody services					✓G	
IA6	Implement online payment platform for employers' contribution payments			✓R			
IA7	Re-tender for investment consultancy services				✓G		
IA8	Re-tender for the independent adviser role			✓A			
IA9	Complete sign up to the responsible investment stewardship code				✓G		
IA10	Consider multi-fund investment strategies	✓G		✓R			
IA11	Implement the Local Economic Development Fund		Completed				

CAMBRIDGESHIRE PENSION FUND



Pension Fund Committee

14th January 2020

Report by: Head of Pensions

Subject:	Administration Performance Report
Purpose of the Report:	To present the Administration Performance Report to the Pension Fund Committee
Recommendations:	The Pension Fund Committee are asked to note the Administration Performance Report
Enquiries to:	Joanne Walton – Governance and Regulations Manager jwalton@northamptonshire.gov.uk

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. Variances against the forecast of investments and administration expenses

- 2.1 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 Pension Fund Committee in March 2019.

3. Key Performance Indicators – LGSS Pensions

- 3.1 The Pension Fund Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of LGSS Pensions.
- 3.2 For the period 1st September to 31st October 2019 the Fund has met all targets with the exception of three. The detail surrounding the performance of the service can be found in **appendix 2**.

4. Receipt of Employee and Employer Contributions

- 4.1 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.
- 4.2 The table in **appendix 3** 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 1st October 2018 to 30th September 2019.

- 4.3 Details of late paying employers for August and September 2019 can be found in the **private and confidential appendix (appendix 4)** of the report.

5. Breaches of the Law

- 5.1 There are many and various laws relating to the Local Government Pension Scheme, with many and various people having a statutory duty to report material breaches of the law to the Regulator. The Cambridgeshire Pension Fund maintains a record of both material breaches that are reported to the Pensions Regulator as well breaches that are deemed not to be of material significance and so are not reported to the Pensions Regulator.
- 5.2 There are no breaches to be reported for the period 1st September to 31st October 2019.

6. Internal Dispute Resolution Procedure

- 6.1 Members, prospective members, and beneficiaries may not always agree with pension decisions that are made, or may be unhappy that decisions have not been made, by either an administering authority or a scheme employer. The Internal Dispute Resolution Procedure (IDRP) is the route by which they may raise their concerns and challenge such decisions.
- 6.2 Cases within the IDRP process as at 31st October 2019 can be found in the tables below:

6.2.1 Stage 1 disputes:

	Administering Authority*	Stage 1 Decisions: None
No. of disputes brought forward from 2018/19:	0	
No. of disputes raised as at 31 st October 2019:	0	
No. of disputes resolved as at 31 st October 2019:	0	
No. of disputes in progress as at 31 st October 2019:	0	

*Please note that the Administering Authority is not always aware of stage 1 employer disputes.

6.2.2 Stage 2 disputes:

	Scheme Employer	Admin Authority	Stage 2 Decisions: All three resolved disputes concerned scheme employer ill health pension decisions from active membership; two related to refusals of an ill health pension, the other to a tier 2 award made. The disputes were all upheld, requiring the scheme employers to reconsider their decisions. The respective <i>raised</i> dates for each dispute are: 10/10/2018 08/05/2019 06/06/2019
No. of disputes brought forward from 2018/19:	3	1	
No. of disputes raised as at 31 st October 2019:	0	0	
No. of disputes resolved as at 31 st October 2019:	3	0	
No. of disputes in progress as at 31 st October 2019:	0	1	

6.2.3 Disputes escalated to The Pensions Ombudsman (TPO)

	Scheme Employer	Admin Authority	TPO Decisions:
No. of disputes brought forward from 2018/19:	2	1	<p>The resolved dispute concerned a scheme employer's decision not to extend the deadline within which the member could make an election for a shared cost additional pension contribution arrangement to replace pension 'lost' during a period of authorised unpaid leave. TPO partially upheld the member's complaint, directing the scheme employer to reconsider its decision and to pay the member £500 in recognition of the significant distress and inconvenience they had been caused.</p> <p>The scheme employer has overturned its decision and is now processing a shared cost APC application from the member.</p> <p>First contact from TPO 30/01/2019</p>
No. of disputes raised as at 31 st October 2019:	0	0	
No. of disputes resolved as at 31 st October 2019:	1	0	
No. of disputes in progress as at 31 st October 2019:	1	1	

6.2.4 Summary of number of disputes raised:

	Stage 1	Stage 2		TPO	
		Scheme Employer	Administering Authority	Scheme Employer	Administering Authority
During 2018/2019	6	3	2	1	1
During 2019/2020 to 31/10/2019	0	2	2	1	0

7. Data Improvement

7.1 Data Audit 2019

- 7.1.1 The 2019 independent data audit has recently concluded. The common and scheme specific data scores that have been reported to the Pensions Regulator on the annual mandatory scheme return are detailed in the table below alongside the scores for 2018.

Type of data	2019	2018
Common	81%	82%
Scheme-specific	73%	73%

- 7.1.2 A number of data improvement activities were under-taken during the period between the two audits and have been reported to the Pension Fund Committee during the course of the year.

- 7.1.3 Those activities will have contributed to the improvement in both sets of scores, but the increase in the number of unprocessed leavers within the Cambridgeshire Pension Fund, which Officers feel are appropriate to report to the Pensions Regulator as both common and scheme specific data fails, has offset these improvements.
- 7.1.4 The increase in unprocessed leavers was as a direct consequence of over 1,500 suspected leavers being identified through year end processing as well as automation issues around the switch-over to monthly employer data submission. This increased our business as usual casework volume to circa 7,000, considerably above the expected baseline volume of circa 2,500-3,000 unprocessed leavers. For the majority of these cases the Fund has not been provided with a leaving certificate. Resource assigned to unprocessed leavers has been increased in this area to stabilise BAU volumes and to bring this outstanding BAU volume down to expected baseline volumes.
- 7.1.5 It should also be noted that the data used to calculate the data scores was taken before the results from the mortality and address tracing project has concluded. It is expected that once the results of this project have been fully verified that the quality of the member address data will have improved which will be reflected within the common data scores.
- 7.1.6 In addition, it is expected that the conclusion of the contracted-out reconciliation project, currently scheduled for March 2020, will further increase the quality of the scheme specific data scores.
- 7.1.7 The next step will be to examine the individual member results of the 2019 data audit and present to the Pension Fund Committee a re-baselined data improvement plan for 2020/21.

7.2 Data Improvement Plan 2019/20 – progress update

7.2.1 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.

Original timescale for action: 01/01/2019 – 31/12/2020

Revised timescale for completion: 01/01/2019 – 31/03/2021

Update: This update only refers to the ring-fenced backlog unprocessed leavers. Business as usual cases are being brought down to baseline volumes utilising internal resources.

From the baseline position 2,235 backlog unprocessed leaver cases (38%) have now been completed.

Category	Total
Baseline (July 2018)	5,823
November 2019	3,588

Future milestones: Please refer to table below.

Activity description	Start Date	Due Date	Completed	Comments	RAG Status
Process approx. 1,000 Multi DB cases.	May 19	End Mar 20		Being processed by Aon Hewitt. Completion date pushed back from Jan 20 to Mar 20 as circa 90% of cases have queries.	A
Process other backlog cases alongside BAU	Aug 19	Mar 20		Using available internal resource. Completion date pushed back due to BAU volume.	A
Design and implement processing solution for remaining backlog	Mar 20	Mar 21		Commencement date pushed back to fit with precursor activities	A

7.2.2 Contracted-out liabilities reconciliation

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

Original timescale for action: All queries to be submitted to HMRC by 31/12/2018 – completed.

Revised timescale for completion: HMRC are still in the process of resolving queries, despite previous targets dates for completion of April and June 2019.

Update: Officers have recently processed a number of queries in response to HMRC's processing of the queries initially raised with them. This will facilitate the rectification stage of this exercise as well as the final data file that HMRC will issued confirming the final contracted-out liability held by the Cambridgeshire Pension Fund. This file was expected to be ready for issue by the end of the 2019.

Future milestones: Planning for the rectification stage of this project as detailed in 7.2.3 has commenced.

7.2.3 Contracted-out liabilities rectification

Purpose of activity: To correct any variances to pensions in payment as a result of the activity detailed in 7.2.2.

Timescale for action: Amendments to pensions will be made in March 2020.

Update: Despite the delays in HMRC processing the remaining queries the project to rectify any pensions in payment as a result of a corrected contracted-out liability being received will still progress as planned, by ITM Limited, based on the data that is ready to be processed. Data that is received after January 2020 will be processed manually rather than through ITM Limited's automated mechanism. Planning and testing has already commenced ready for corrected data to be applied to the March pension payment. Members who will see a change to their pension will be notified in early February.

Future milestones: The number of members whose pension requires amendment was expected to be known by the end of December 2019.

7.2.4 Member tracing and mortality screening

Purpose of activity: To ensure all membership records where a liability is held has a current home address or is marked as gone away where attempts to trace the member have been unsuccessful (excluding active members as the employer is required to update the Fund with changes of address).

Timescale for action: The contract with Accurate Data Services commenced in June 2019. Address tracing was initially expected to complete by 30 November 2019 and mortality screening will be conducted monthly for the duration of the 2 year contract.

Update: For those members where automated tracing confirmed a current of new address but with a low level of confidence, a more manual approach to tracing is currently being undertaken and is not expected to conclude until early 2020.

A verification process is also currently in progress to ensure those members for whom a new address has been identified but without complete confidence are at the new address supplied. This process involves members being contacted at the new address for them and invited to follow a secure robust process to confirm their identity and address. This process will conclude in early 2020.

8. CIPFA Benchmarking

- 8.1 The Cambridgeshire Pension Fund participated in the 2019 CIPFA Benchmarking exercise alongside 29 out of a potential 87 LGPS funds in England, Wales, Scotland and Northern Ireland. The other participating funds, vary in size of total membership and 3 out of the 29 funds have outsourced their administration.
- 8.2 The high level results of this annual exercise show that the net administration cost per member of the Cambridgeshire Pension Fund is £14.09 per annum compared with the group average of £21.34 per annum. The Fund net administration cost per full time equivalent member of staff is £50.1k per annum compared with the group average of £71.8k per annum.
- 8.3 Further detailed information on this exercise is available upon request.

9. 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>

10. Risk Management

- 10.1 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.
- 10.2 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below -

Risk No.	Risk	Residual risk rating
5	Information may not be provided to stakeholders as required.	Green
7	Those charged with governance are unable to fulfil their responsibilities effectively	Green
16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making	Green

- 10.3 The Fund's risk register can be found on the LGSS Pensions website at the following link: <https://pensions.cambridgeshire.gov.uk/app/uploads/2019/04/Cambridgeshire-Risk-Register.pdf>

11. Communication Implications

Direct communications	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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12. Finance & Resources Implications

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

13. Legal Implications

- 13.1 Not applicable

14. Consultation with Key Advisers

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

15. Alternative Options Considered

15.1 Not applicable

16. Background Papers

16.1 Not applicable

17. Appendices

17.1 Appendix 1 Variances against the forecast of investments and administration expenses

17.2 Appendix 2 Key Performance Indicators – LGSS Pensions

17.3 Appendix 3 Receipt of Employee and Employer Contributions

17.4 Appendix 4 Late payments of employee and employer contributions (private and confidential)

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 – 17 th December 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 2 nd December 2019
Has the Chairman of the Pension Committee been consulted?	Councillor Rogers – 17 th December 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 4 th December 2019

Appendix 1 – LGSS Pensions Administration Report

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

Fund Account	2019-20 Estimate	2019-20 Forecast	Variance	Comments
	£000	£000	£000	
Contributions	131,000	131,000	0	
Transfers in from other pension funds	4,200	4,200	0	
Total income	135,200	135,200	0	
Benefits payable	-105,000	-105,000	0	
Payments to and on account of leavers	-9,100	-9,100	0	
Total Payments	-114,100	-114,100	0	
	21,100	21,100	0	
Management Expenses	-10,040	-8,340	1,700	See analysis below
Total income less expenditure	11,060	12,860	-1,800	
Investment income	36,000	36,000	0	
Taxes on income	-	-	-	
Profit and (losses) on disposal of investments and changes in the market value of investments	84,000	84,000	0	
Net return on investments	120,000	120,000	0	
Net increase/(decrease) in the net assets available for benefits during the year	131,060	132,860	1,800	

Management Expenses	2019-20 Estimate	2019-20 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	-2,930	-3,065	-135	See analysis below
Total Governance Expenses	-550	-546	4	
Total Investment Invoiced Expenses	-6,560	-4,729	1,831	Investment cost overstated
Total Management Expenses	-10,040	-8,340	1,700	

Administration Expenses Analysis	2019-20 Estimate	2019-20 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	-1,400	-1,400	-	
Altair System and payroll system	-310	-310	-	
Data Improvement Projects	-440	-540	-100	Undecided leavers project understated.
Communications	-30	-30	-	
Other Non-Pay and Income	-120	-120	-	
County Council Overhead Recovery	-630	-665	-35	External overheads have increased
Total Administration Expenses	-2,930	-3,065	-135	

Appendix 2 - Key Performance Indicators – LGSS Pensions September and October 2019

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: 261 October: 193	248 180	13 13	95 93	Green Green	SLA target met SLA target met
Payment of retirement benefits from active employment	Notify employees retiring from active membership of benefits award, from date payable or date of receiving all necessary information if later within 5 working days.	95%	September: 68 October: 47	61 38	7 9	90 81	Amber Amber	SLA target not met* SLA target not met*
Award dependant benefits – Statutory	Issue award within 5 working days of receiving all necessary information.	95%	September: 22 October: 23	22 23	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 – Statutory	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	September: 61 October: 68	61 66	0 2	100 97	Green Green	SLA target met SLA target met
Provide transfer-in quote to scheme member – Statutory	Letter issued within 10 working days of receipt of all appropriate information.	95%	September: 13 October: 24	13 24	0 0	100 100	Green Green	SLA target met SLA target met
Payment of transfer out – Statutory	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	September: 7 October: 11	7 11	0 0	100 100	Green Green	SLA target met SLA target met

* High volume of work, double the normal amount received in a month came in to be processed during this month, whilst holding two vacancies within the team caused the delays in processing. A recruitment exercise is currently being undertaken to address these vacancies.

- Green: Equal to or above Service Level Agreement (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.

Appendix 3 - 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 2018	99.3	0.7	96.7	3.3
November 2018	100	0	99.6	0.4
December 2018	99.3	0.7	99.4	0.6
January 2019	99.8	0.2	99.6	0.4
February 2019	100	0	99.6	0.4
March 2019	99.4	0.6	98.4	1.6
April 2019	98.5	1.5	97.0	3.0
May 2019	97.6	2.4	98.0	2.0
June 2019	99.6	0.4	100	0
July 2019	98.7	1.3	95.9	4.1
August 2019	98.3	1.7	99.6	0.4
September 2019	100.0	0	98.3	1.7
Average for period	99.2	0.8	98.5	1.5

Cambridgeshire Pension Fund



Pension Fund Committee

14th January 2020

Report by: Head of Pensions

Subject:	Governance and Compliance Report
Purpose of the Report	To provide the Pension Fund Committee with information on the activities of : 1) The LGPS Scheme Advisory Board 2) The Pensions Regulator; 3) The Ministry of Housing, Communities and Local Government 4) National pension issues and 5) Skills and knowledge opportunities.
Recommendations	That the Pension Fund Committee notes the content of the report.
Enquiries to:	Jo Walton – Governance and Regulations Manager, LGSS Pensions E-mail: jwalton@northamptonshire.gov.uk

1. Background

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

2. LGPS Scheme Advisory Board

2.1 Good Governance Review – phase two

- 2.1.1 Following on from the Good Governance Report that was issued by Hymans Robertson on 8 July as commissioned by the Scheme Advisory Board, the Board agreed to constitute two working groups to take forward the proposals in the report. Hymans Robertson were again appointed to assist the working groups.
- 2.1.2 The first working group was asked to focus on specifying clearly the outcomes and standards that the Scheme Advisory Board wishes to see achieved by funds under the approach and how these outcomes should be evidenced.
- 2.1.3 The second working group was asked to focus on establishing the compliance regime that will be required to independently assess funds against this framework.

2.1.4 On 15th November 2019 the Hymans Robertson issued the second report of the Good Governance Review that includes detailed implementation proposals in respect of each work-stream including a list of the changes required to guidance to implement this framework.

2.1.5 The full report can be found in **Appendix 2** of this report along with the summary of the 17 recommendations. Some of the recommendations are already in place or partially so for the Cambridgeshire Pension Fund. The most notable new recommendations are detailed below:

Report reference	Recommendation
General (A1)	MHCLG* will produce statutory guidance to establish new governance requirements for funds to effectively implement the proposals (see appendix 2A).
General (A2)	Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund. ("the LGPS senior officer").
General (A3)	Each administering authority must publish an annual governance compliance statement that sets out how they comply with the governance requirements for LGPS funds as set out in the guidance (see A1). This statement must be signed by the LGPS senior officer and, where different, co-signed by the S151 officer.
Representation (C1)	Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to representation and voting rights for each party.
Knowledge and understanding (D2)	Introduce a requirement for S151 officers to carry out LGPS relevant training as part of their CPD requirements to ensure good levels of knowledge and understanding.
Service delivery for the LGPS function (E1)	Each administering authority must document key roles and responsibilities relating to its LGPS fund and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority's scheme of delegation and constitution and be consistent with roles descriptions and business processes.
Service delivery for the LGPS function (E5)	Each administering authority must give proper consideration to the utilisation of pay and recruitment policies, including as appropriate, market supplements, relevant to the needs of their pension function. Administering authorities should not simply apply general council staffing policies such as recruitment freezes to the pensions function.
Compliance and improvement (F1)	Each administering authority must undergo a biennial Independent Governance Review (IGR) and, if applicable, produce the required improvement plan to address any issues identified. IGR reports to be assessed by a Scheme Advisory Board panel of experts.
Compliance and improvement (F2)	LGA to consider establishing a peer review process for LGPS funds.

*MHCLG = Ministry of Housing, Communities and Local Government

2.1.6 The Scheme Advisory Board have invited comments on the report and its recommendations prior to the next meeting of the Scheme Advisory Board on 3rd February 2020. Officers are in the process of drafting a response in conjunction with the Chairman and Vice-Chairman of the Pension Fund Committee and Local Pension Board which will be submitted to the Scheme Advisory Board no later than 20th January 2020.

- 2.1.7 Should the Scheme Advisory Board and MHCLG accept the recommendations within this report phase three will be initiated and will include the following activities:
- MHCLG to draft the required changes to the Guidance
 - Scheme Advisory Board to ask the National LGPS Framework to begin work on establishing Independent Governance Review provider framework
 - Scheme Advisory Board to establish the 10-15 KPIs referred to within proposal E.3.
 - Scheme Advisory Board to consider drawing up a complete list of the topics that should be included within the statutory governance compliance statement.

2.2 LGPS Code of Transparency – compliance reporting system

- 2.2.1 Following a procurement process the Scheme Advisory Board has chosen the technology provider Byhiras who deliver transparency and governance solutions, to develop a platform that will ensure that asset managers comply with its cost transparency code.
- 2.2.2 The platform will be rolled out across all UK LGPS funds and pools by quarter 1 of 2020 and will validate and store data about fees and expenses that asset managers disclose to pension funds and allow for reporting and data comparison between managers.
- 2.2.3 The platform will ensure that managers comply with the requirements of the LGPS Code of Transparency that was launched in 2017 and led to the Cost Transparency Initiative, an industry-wide body co-founded by the Scheme Advisory Board that is developing cost reporting standards for UK international investors. Asset managers are asked to comply with the Code if they hold mandates from LGPS funds and so far more than 100 asset managers have signed up.

3. The Pensions Regulator

3.1 LGPS engagement report

- 3.1.1 On 19th September the Pensions Regulator published a report on the findings from its engagement with 10 LGPS funds during the period October 2018 to July 2019. The engagement took place following the results of the Pensions Regulator annual governance and administration survey from which it was identified that improvements being made across the LGPS had slowed down.
- 3.1.2 The report identifies the following key improvement areas:
- **Key person risk** – while most scheme managers demonstrated a good knowledge of what the Pensions Regulator expects many funds lack comprehensive documented policies and procedures. An over-reliance on controls put in place by the Local Authority was identified particular in relation to cyber security.
 - **Local Pension Boards** – engagement levels varied with concerns being raised about the frequency that some boards meet and their appetite to gaining knowledge and understanding.
 - **Fraud/scams** – some scheme managers were not as vigilant at taking steps to protect members from potential scams as they were at protecting the scheme assets.
 - **Employers**- considerable variance was noted in the approaches taken to deal with the risks surrounding scheme employers such as receiving contributions and employer solvency. This tended to be connected to fund resourcing and different philosophies on taking security over assets.

3.1.3 The full report can be found here:

<https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis/governance-and-administration-risks-in-public-service-pension-schemes-an-engagement-report#f3ed2f980db645d0a1ac39dd86773d2a>

3.2 Initiative to improve data quality

3.2.1 On 2nd October the Pensions Regulator announced a crackdown on poor record keeping. The Pensions Regulator has contacted 400 pension schemes that they believe have not reviewed their data within the last 3 years and have asked them to conduct a review of their data within the next 6 months. Whilst some LGPS administering authorities are included amongst the group of 400, the Cambridgeshire Pension Fund not been contacted. The Fund takes a continual and proactive approach to data improvement as demonstrated in the Data Improvement Plan and Plan.

4. Ministry of Housing Communities and Local Government (MHCLG)

4.1 SF3 Data (LGPS Funds: England and Wales 2018-19)

4.1.1 On 16th October 2019, MHCLG published a statistical release on LGPS Funds for England and Wales for 2018-19. Highlights from the report are as follows:

- Total LGPS expenditure in 2018-19 was £12.7bn representing a like-for-like increase of £0.7bn (5.7%) on 2017-18. Total expenditure for the Cambridgeshire Pension Fund was £134.3m in 2018-19 and £126.4m in 2017-18 an increase of £7.9m (6.3%).
- Total LGPS income in 2018-19 was £15.1bn representing a like-for-like decrease of £2.3bn (13.2%) on 2017-18. Total income Cambridgeshire Pension Fund was £357.6m in 2018-19 and £242.1m in 2017-18, an increase of £115.5m (47.7%). The increase was a result of an increase in the value of investments.
- Employers' contributions to the LGPS was £7.1bn in 2018-19, a decrease of 24.7% on 2017/18. The decrease in employers' contributions is largely due to the some large upfront pension contribution payments made in 2017-18 following the triennial valuation. Employers' contributions to the Cambridgeshire Pension Fund was £98.1m in 2018-19 and £103.1m in 2017-18, a decrease of £5m (4.8%).
- Employees' contributions to the LGPS was £26bn in 2018-19, an increase of £0.06bn (2.8%) on 2017-18. Employees' contributions to the Cambridgeshire Pension Fund was £26.4m in 2018-19 and £25.3m in 2017-18 a decrease of £1.1m (4.3%).
- The market value of the LGPS funds at the end of March 2019 was £287.2bn an increase of £16.bn (6%). The market value of the Cambridgeshire Pension Fund was £3.19bn in 2018-19 and £2.96bn in 2017-18, an increase of £0.23bn (7.8%).

4.1.2 The full report can be found here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/839550/LGPS_England_and_Wales_2018-19.pdf

5. The Queen's Speech

5.1.1 The Queen's speech delivered on 14th October 2019 confirmed that a new Pension Schemes Bill will be introduced which will;

- strengthen the Pensions Regulator's powers
- provide a framework to support pension dashboards; and
- introduce regulations covering the right to a pension transfer.

6. Skills and knowledge opportunities – training events

- 6.1 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 Pension Fund Committee to maintain the necessary skills and knowledge to undertake their role effectively.
- 6.2 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.
- 6.3 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.

7. Relevant Pension Fund Objectives

To 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>
To 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>
To ensure that 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>
To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>

8. Risk Management

- 8.1 The Pension Fund Committee are required to have the appropriate skills and knowledge to effectively carry out their duties. This report ensures that the Pension Fund Committee is up to date with:
- New or amending legislation affecting the LGPS;
 - Relevant activities of the LGPS Scheme Advisory Board and the Pensions Regulator that concern the governance of the (LGPS) on a national and local basis; and
 - Skills and knowledge opportunities.
- 8.2 The risks associated with the Pension Fund Committee not having the required level of knowledge and understanding have been captured in the Fund's risk register as detailed below.

Risk No	Risk	Residual risk rating
7	Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively.	Green
13	Failure to administer the scheme in line with regulations and guidance.	Green
16	Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making.	Green

- 8.3 The Fund's risk register can be found on the LGSS Pensions website at the following link:
<https://pensions.cambridgeshire.gov.uk/app/uploads/2019/10/RiskRegisterCPF.pdf>

9. Finance & Resources Implications

- 9.1 There are no financial or resource implications connected to the contents of this report is for information only.

10. Communication Implications

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

- 11.1 There are no legal implications connected to the contents of this report as this report is for information only.

12. Consultation with Key Advisers

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

13. Alternative Options Considered

- 13.1 There are no alternative options to be considered.

14. Background Papers

- 14.1 None.

15. Appendices

- 15.1 Appendix 1 – Internal/external training and events 2019-20
- 15.2 Appendix 2 – Good governance in the LGPS -phase II report from working groups to the Scheme Advisory Board

Checklist of Key Approvals	
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 17 th December 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 2 nd December 2019
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers– 17 th December 2019
Has this report been cleared by Monitoring Officer?	Fiona McMillan – 4 th December 2019

Appendix 1 – Training Schedule

Date	Event	Trainings Credits*	Event Details
18 December 2019	LGA LGPC Fundamentals Training (Day 3/3)	2	https://lgaevents.local.gov.uk/lga/frontend/reg/thome.csp?pageID=251565&ef_sel_menue=5014&eventID=741 Provides members of Pension Committees and Local Pension Boards with the knowledge and skills to enable them to carry out their duties effectively. The 3 day course provides a scheme overview and covers current issues in relation to administration, investments and governance of the LGPS – This sessions theme is Governance.
23-24 January 2020	LGA LGPS Governance Conference	4	Although primarily aimed at elected members, the conference will be of interest to other people who attend pension committees, panels or sub-committees etc. This conference will cover; Scheme Advisory Board, Checking Compliance, Cost Cap, Regulating the reforms, Investment Spotlight and Legal Update. https://lgaevents.local.gov.uk/lga/frontend/reg/thome.csp?pageID=260501&eventID=767
6 February 2020	LAPF Strategic Investment Forum	4	This forum will look at the economic outlook, and the role of a wide range of asset classes for growth, income and diversification. The agenda also covers asset pooling and options for adapting to climate change risk. https://www.dgppublishing.com/lapf-strategic-investment-forum/about/
21 February 2020	CIPFA Spring Seminar - Local Pension Board members only	2	The Local Pension Board seminars are exclusively for Board members and provide the latest LGPS and governance information updates, training on specific topics and opportunities for discussion and networking with members of other Funds' Boards. https://www.cipfa.org/training/l/lgps-members-spring-seminar-20200218
27-28 February 2020	LGC Investment Seminar	4	The event will provide practical advice from pools and funds, insight on what's new in investment and greater opportunities to sense-check your priorities. https://investmentseminar.lgcplus.com

Date	Event	Trainings Credits	Event Details
TBC - March 2020	LGSS Pension Information Day	2	TBC
TBC	Schroders Trustee Training (Part 1)	2	TBC
TBC	Schroders Trustee Training (Part 2)	2	TBC
18-20 May 2020	PLSA Local Authority Conference	4	This event is a residential conference that includes keynote speeches, stream sessions, a Learning Zone, a specialist session, an exclusive exhibition, networking lunch for Local Pension Boards, Welcome Drinks Reception and a Conference Dinner. The event is the largest of its kind dedicated to the LGPS, attended by over 400 local authority officers, councillors, members of Local Pension Boards, admitted bodies and their advisers. https://www.plsa.co.uk/Events-Local-Authority-Conference
24 June 2020	CIPFA Local Pension Boards' Annual Event (hosted by Barnett Waddingham)	2	This is a Local Pension Board seminars are exclusively for Board members and provide the latest LGPS and governance information updates, training on specific topics and opportunities for discussion and networking with members of other Funds' Boards. https://www.cipfa.org/training//lgps-local-pension-boards-member-annual-full-day-event-20200624-london
6-8 July 2020	LAPF Strategic Investment Forum	4	The LAPF Strategic Investment Forum is the leading investment conference and dinner for senior LGPS fund investment officers and their advisers. It is organised by DG Publishing and attracts high quality officers in strong numbers. https://www.dgpublishing.com/lapf-strategic-investment-forum-july/about/
TBC - July 2020	LGSS Pensions Information Day	2	TBC
TBC September 2020	LGC Investment Summit	4	TBC
TBC	Introduction to the LGPS	2	TBC Aimed at new or inexperienced officers and elected members this course, based on the CIPFA knowledge and skills framework.

Date	Event	Trainings Credits	Event Details
TBC	LGA LGPC Fundamentals Training (Day 1/3)	2	TBC Provides members of Pension Committees and Local Pension Boards with the knowledge and skills to enable them to carry out their duties effectively. The 3 day course provides a scheme overview and covers current issues in relation to administration, investments and governance of the LGPS – This sessions theme is Administration.
TBC - October 2020	LGSS Pensions Information Day	2	TBC
TBC	Schroders Trustee Training (Part 1)	2	TBC
TBC	Access Investor Day	2	TBC
14-16 October 2020	PLSA Annual Conference	4	The conference includes keynote speeches, streamed focus sessions, specialist sessions, a Trustee Learning Zone, exhibition and a conference drinks reception. https://www.plsa.co.uk/annual-conference-and-exhibition
TBC	LGPC Fundamentals Training (Day 2/3)	2	TBC Provides members of Pension Committees and Local Pension Boards with the knowledge and skills to enable them to carry out their duties effectively. The 3 day course provides a scheme overview and covers current issues in relation to administration, investments and governance of the LGPS – This sessions theme is Investments.
TBC	Schroders Trustee Training (Part 2)	2	TBC
TBC December 2020	LAPFF Annual Conference	4	TBC
TBC	LGPC Fundamentals Training (Day 3/3)	2	TBC

*Training credits are currently under review and the revised Training Strategy will be presented to the Pension Committee in March which will include a proposal for a revised credit system.

A photograph of a forest floor covered in a dense carpet of purple bluebells. Tall, slender trees with green foliage stand in the background, creating a dappled light effect on the flowers.

Good governance in the LGPS

Phase II report from Working Groups to SAB

November 2019

Process

Following on from the presentation of the Good Governance Report to the SAB on 8 July 2019, the Board agreed to constitute two working groups to take forward the proposals included in the report. Hymans Robertson were appointed to assist the working groups in this next phase of the good governance project.

The first working group (Standards and Outcomes Workstream) was asked to focus on specifying clearly the outcomes and standards that the SAB wishes to see achieved by funds under the proposed approach, and how these outcomes should be evidenced.

The second working group (Compliance and Improvement Workstream) was asked to focus on establishing the compliance regime that will be required to independently assess funds against this framework.

This report has been prepared for the SAB by both working groups and includes detailed implementation proposals for their workstream including a list of the changes required to guidance to implement this framework.

Thanks to contributors

Thank you to the following who contributed to the working groups and this report.

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Terminology

Atypical administering authorities

This report has been drafted largely using terminology relevant to the majority of administering authorities who are local authorities. However, it is recognised that there are some administering authorities which do not fit this model. In taking forward any of the proposals outlined in this report it will be necessary to ensure that principles can be applied universally to LGPS funds and that any guidance recognises the unique position of some funds.

Use of terms

Throughout this document the following terms have a specific meaning unless the context makes clear that another meaning is intended:

Administering authority refers to a body listed in part 1 of Schedule 3 to the LGPS Regulations 2013 that is required to maintain an LGPS pension fund. In particular the term is used here when such a body is carrying out LGPS specific functions.

For example “Each administering authority must publish an annual report.”

Committee. A committee formed under s101 of the Local Government Act 1972 to which the administering authority delegates LGPS responsibilities and decision making powers. Alternatively, can refer to an advisory committee or panel which makes recommendations on LGPS matters to an individual to whom the administering authority has delegated LGPS decision making responsibility.

For example “The pensions committee should have a role in developing the business plan.”

Host authority refers to a council or other body that is also an administering authority but is used to refer to that body when it is carrying out wider non-LGPS specific functions.

For example “Delivery of the LGPS function must be constant with the constitution of the host authority.”

The fund carries a more general meaning and is used to refer to the various activities and functions that are necessary in order to administer the LGPS.

For example “Taking this course of action will improve the fund's administration”.

Alternatively, the term is used in the context of the scheme members and employers who contribute to the LGPS arrangements of a specific administering authority.

For example “The number of fund employers has increased in recent years.”

Workstream 1: Standards and outcomes

Proposals and background

A. General

1. It is envisaged that all the proposals made in this document will be enacted via the introduction of new statutory governance guidance which will supersede current and previous guidance, although it will contain elements of existing legislation and guidance where appropriate. This guidance would be issued on behalf of MHCLG, although MHCLG may seek assistance on drafting the guidance.
2. In order to improve the accountability for fund governance, it is proposed that each administering authority must have a single named officer who is responsible for the delivery of the pension function. (“the LGPS senior officer”). This may be the S151 officer, assuming they have the capacity, LGPS knowledge and internal assurance framework to assume that role. Alternatively, the LGPS senior officer role may be undertaken by another officer who has the remit of delivering the LGPS function in its entirety and who is likewise suitably qualified and experienced and has the capacity to assume this role. This should be a person close enough to the running of the fund that they have sight of all aspects of the fund’s business. The role of the responsible person should be assigned through the host authority’s scheme of delegation and constitution. If the person who undertakes this key role within the host authority changes it may be necessary for the role of the responsible person to be reviewed.
3. In order to improve the transparency and auditability of governance arrangements, each fund must produce an enhanced annual governance compliance statement, in accordance with the statutory governance guidance, which sets out details of how each fund has addressed key areas of fund governance. The preparation and sign off of this statement will be the responsibility of the LGPS senior officer and it must be co-signed by the host authority’s s151 officer, where that person is not also the LGPS senior officer. The expectation will also be that committees and local pension boards would be appropriately involved in the process.



A.1 MHCLG will produce statutory guidance to establish new governance requirements for funds to effectively implement the proposals below. (“the Guidance”).

A.2 Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund. (“the LGPS senior officer”).

A.3 Each administering authority must publish an annual governance compliance statement that sets out how they comply with the governance requirements for LGPS funds as set out in the Guidance. This statement must be signed by the LGPS senior officer and, where different, co-signed by the S151 officer.



B. Conflicts of interest

1. Administering authorities must evidence that conflicts, and in particular, potential and perceived conflicts, as well as actual conflicts are being identified, monitored and managed. Some administering authorities currently only follow the conflicts of interest requirements of the host authority which are typically focused on the elected member register of interest and code of conduct. The Guidance should require all administering authorities to publish a specific LGPS conflicts of interest policy and should stipulate the areas that the policy should address. In addition to registering interests, this will include information on how it identifies, monitors and manages conflicts, including areas of potential conflict that are specific to the LGPS as listed:

- Any commercial relationships between the administering authority or host authority and other employers in the fund/or other parties which may impact decisions made in the best interests of the fund. These may include shared service arrangements which impact the fund operations directly but will also include outsourcing relationship and companies related to or wholly owned by the Council, which do not relate to pension fund operations.
- Contribution setting for the AA and other employers.
- Cross charging for services or shared resourcing between the AA and the fund
- Dual role of the AA as an owner and client of a pool
- Local investment decisions
- Any other roles within the Council being carried out by committee members or officers which may result in a conflict either in the time available to dedicate to the fund or in decision making or oversight. For example, some roles on other finance committees, audit or health committees or finance cabinet should be disclosed.

Each administering authority's policy should address:

- How potential conflicts of interest are identified and managed;
- How officers, employer and scheme member representatives, elected members, members of the local pension board and advisers and contractors understand their responsibilities in respect of ensuring that conflicts of interest are properly managed;
- Systems, controls and processes, including maintaining clear records, for managing and mitigating potential conflicts of interest effectively such that they never become actual conflicts;
- How the effectiveness of its conflict of interest policy is reviewed and updated as required;
- How a culture which supports transparency and the management and mitigation of conflicts of interest is embedded.
- How the specific conflicts that arise from its dual role as both an employer participating in the Fund and the administering authority responsible for delivering the LGPS for that fund are managed.
- In putting together such a policy it is recognised that membership of the LGPS is not, in and of itself, a conflict of interest.

Each fund should be required to make public its conflicts of interest policy.

2. During the Phase I survey a number of respondents said that it would be very helpful to define the extent of fiduciary duties in respect of the individuals, committees and boards involved in LGPS governance. The SAB working group came to the conclusion that that while clarification on the fiduciary question is desirable, the complex legal considerations mean that this is beyond the scope of this project. The Group is aware that the SAB has separately undertaken to collate various references to fiduciary duties and public law principles and provide a guide which illustrates how these might be applied to the LGPS. It would be helpful for The Guidance to make reference to the SAB's findings in this area.

B.1 Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, including reference to key conflicts identified in the Guidance.

B.2 The Guidance should refer all those involved in the management of the LGPS, and in particular those on decision making committees, to the guide on statutory and fiduciary duty which will be produced by the SAB.

C. Representation

1. The initial phase of the Good Governance review highlighted that many pension committees now have non-administering authority employer and scheme member representatives although local practice varies as to whether these members have a vote. Primary legislation in the form of the Local Government Act 1972 allows local authorities wide discretion over committee appointments and delegations and this issue ultimately remains one of local democracy.

The Guidance should require that all administering authorities prepare, maintain and publish their policy on representation and to require that they provide:

- the rationale for their approach to representation for non-administering authority employers and local authority and non-local authority scheme members on any relevant committees; and
- the rationale as to whether those representatives have voting rights or not.

Best practice would suggest that scheme member representation in some form is a desirable goal for administering authorities. In addition to representation on committees, administering authorities should state other ways in which they engage their wider employer and Scheme membership

The Guidance should also acknowledge the important principle that administering authorities may wish to retain a majority vote on decision making bodies in order to reflect their statutory responsibilities for maintaining the fund.

C.1 Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to representation and voting rights for each party.



D. Skills and training

1. The Good Governance Review noted the need for enhanced levels of training for key LGPS individuals. While there exists a statutory duty on members of local pension boards to maintain an appropriate level of knowledge and understanding to carry out their role effectively, no such statutory duty applies to those sitting on s101 committees.

The Guidance should mandate a similar knowledge and understanding requirement for those carrying out a delegated decision-making role on s101 committees as well as officers involved in the fund. At committee, knowledge should be considered at a collective level and it should be recognised that new members will require a grace period over which to attain the requisite knowledge.

Training should be delivered as part of a supportive environment and committee and board members will not be required to undertake tests, although it is recognised that best practice would include assessments or other means to identify gaps in knowledge.

The Guidance should clarify that the expectation is that the TPR requirements that apply to Local Pension Boards should equally apply to Committee and senior officers within the context of an appropriate LGPS specific framework, for example the CIPFA knowledge and skills Code of Practice and Framework (currently being updated). As a minimum those sitting on pension committees or the equivalent should comply with the requirements of MiFID II opt-up to act as a professional client but the expectation is that a higher level and broader range of knowledge will be required.

Training records must be maintained.

2. There should be an LGPS training requirement for s151 officers (or those aspiring to the role) as part of their CPD. An appropriate level of LGPS knowledge must be attained by S151 officers of an administering authority. A level of LGPS knowledge should also be attained by S151 officers of other public bodies participating in the LGPS, although it is not expected that that they should have the depth and breadth of knowledge required of the S151 officer of an administering authority. This should be specified and administered by an appropriate professional body.

D.1 Introduce a requirement in the Guidance for key individuals within the LGPS, including LGPS officers and pensions committee members, to have the appropriate level of knowledge and understanding to carry out their duties effectively.

D.2 Introduce a requirement for s151 officers to carry out LGPS relevant training as part of their CPD requirements to ensure good levels of knowledge and understanding.

D.3 Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.

D.4 CIPFA and other relevant professional bodies should be asked to produce appropriate guidance and training modules for s151 officers and to consider including LGPS training within their training qualification syllabus.

E. Service delivery for the LGPS function

The Good Governance Review proposed that LGPS funds should be able to evidence that their administration and other resource (quantity and competency) is sufficient to meet regulatory requirements and that their budget is appropriate to deliver this. In this context administration refers to all of the tasks and processes required to deliver the Scheme and is not limited to the calculation and payment of benefits. This definition encompasses a funds accountancy function, investment support, employer liaison, systems, communications etc.

1. Clarity around roles, responsibilities and decision making are central to good delivery of the LGPS function. The Guidance should require funds to document roles and responsibilities and develop, maintain and publish a “roles and responsibilities matrix” which sets out who within the organisation is responsible for final sign off, implementation, oversight and recommending the key decisions that the fund is required to make.

The “roles and responsibilities matrix” should reflect the host authority’s scheme of delegation and constitution and be supported by a clearly documented management structure.

2. The Guidance should require that each administering authority must develop, maintain and publish an administration strategy which sets out its approach to the matters mentioned in regulation 59 (2) of the LGPS Regulations 2013 and the Guidance. We recommend that the Board ask that this proposal to be implemented by MHCLG within the LGPS Regulations at their earliest opportunity.

3. A series of some 10 to 15 key indicators or measures of standards of LGPS service delivery to members and employers should be agreed. These indicators should be drawn wherever possible from current reporting structures. All administering authorities must be required to report against these as part of their governance compliance statement.

It is acknowledged that there are inherent difficulties in drawing conclusions when comparisons are not always on a true like for like basis but it is preferable to introduce measures now and seek to improve the measurement approach over time.

4. Each Administering Authority has a specific legal responsibility to administer the LGPS within their geographical region and to maintain a specific reserve for that purpose. It is important therefore that the fund’s budget is set and managed separately from the expenditure of the host authority.

Budgets for pension fund functions should be sufficient to meet all statutory requirements, the expectations of regulatory bodies and provide a good service to Scheme members and employers. The budget setting process should be one initiated and managed by the fund’s officers and the pension committee and assisted by the local pension board.

Required expenditure should be based on the fund’s business plan and deliverables for the forthcoming year. The practice should not simply be to uprate last year’s budget by an inflationary measure or specify an “available” budget and work back to what level of service that budget can deliver.

The body or individual with delegated responsibility for delivering the LGPS service should have a role in setting that budget. Typically, this will involve the pension committee being satisfied that the proposed budget is appropriate to deliver the fund’s business plan but it is recognised that other governance models exist within the LGPS. Whichever approach is used, it should be clearly set out in the roles and responsibilities matrix and be consistent with the host authority’s scheme of delegation and constitution.





E. Service delivery for the LGPS function (continued)

Where a proposed budget is approved, the senior LGPS officer will confirm in the governance compliance statement that the administering authority has approved the budget required to deliver the pensions function to the required standard. If the budget is not approved, the senior LGPS officer will declare that in the governance compliance statement, including the impact of that on service delivery as expressed in a reduced business plan.

These statements in the governance compliance statement will be co-signed by the S151 officer where this is not the same person as the senior LGPS officer.

5. Each Administering Authority has a duty to ensure that its pensions function is staffed such as to enable it to deliver an effective pensions service to the all fund employers and members. It is therefore important that the recruitment and retention practices applied to the pensions function facilitate this. For example, the use of market supplements may be necessary to recruit/retain both investment and pensions administration staff. Further, given that the pension fund budget is set and managed separately from the expenditure of the host authority, the impact of general council staffing policies such as recruitment freezes should not be applied to the pension fund by default.

E.1 Each administering authority must document key roles and responsibilities relating to its LGPS fund and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority's scheme of delegation and constitution and be consistent with role descriptions and business processes.

E.2 Each administering authority must publish an administration strategy.

E.3 Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service.

E.4 Each administering authority must ensure their committee is included in the business planning process. Both the committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.

E.5 Each Administering Authority must give proper consideration to the utilisation of pay and recruitment policies, including as appropriate market supplements, relevant to the needs of their pension function. Administering Authorities should not simply apply general council staffing policies such as recruitment freezes to the pensions function.

Workstream 2: Compliance and improvement

F. Compliance and improvement

One of the key features of the original Good Governance Review was the view that in order to ensure required standards are adhered to consistently there needs to be regular independent review of administering authorities governance arrangements.

1. The new MHCLG guidance should set out a process for an Independent Governance Review, to include the features set out below.
 - a. It will be mandatory for each Fund to commission an Independent Governance Review (“IGR”) which will audit the fund’s Governance Compliance Statement and review compliance with the requirement of the new statutory guidance.
 - b. There should be a standardised framework and process for IGRs which covers all areas set out in new MHCLG guidance.
 - c. It is critical that the IGR should be conducted by appropriate persons who:
 - properly understand the LGPS;
 - are sufficiently at arm’s length from the administering authority’s pensions function, that is, they do not have an existing contractual relationship with the administering authority which conflicts with their ability to carry out a properly independent and objective assessment of governance standards and compliance with new statutory requirements; and
 - are in some way “accredited” to ensure consistent standards of review.
 - d. To ensure consistent standards from those conducting IGRs, a procurement framework should be put in place which sets out the standard requirements, standard reporting and standard fee for an LGPS IGR. Ideally this should be in place for 2020/21.
 - e. Suppliers who can demonstrate they are suitably qualified and knowledgeable may be appointed to the framework, from which any LGPS Funds may appoint an external supplier.
 - f. Alternatively, administering authorities may choose to have their IGR review carried out by their own internal audit or another appropriate party to the same standards as the framework.
 - g. Each administering authority should have an IGR completed biennially, by a date which will be notified by the SAB.
 - h. The SAB may direct, as a result of concerns about the governance of a fund (or for another reason), that an administering authority must have an IGR completed outside of the two-year cycle.
 - i. The IGR will report findings to the body and/or individual with delegated responsibility for delivery of the LGPS as set out in the roles and responsibilities matrix and to the local pension board.
 - j. The administering authority must develop an improvement plan to address any issues raised in the IGR.
 - k. The report from the IGR and improvement plan must be published and also be submitted to SAB and relevant SAB sub-committees.
 - l. SAB will put in place a panel of independent experts to scrutinise the IGR reports, looking for outliers and areas of concern. The panel of experts will be drawn from LGPS stakeholders to include the s151 community and other parties as appropriate.
 - m. The SAB panel may enter into discussions with funds where the panel find the IGR report or agreed improvement plan or progress against a previous improvement plan are considered to be unsatisfactory. Additionally, they may refer the unsatisfactory IGR to TPR or further escalate to MHCLG.
 - n. Failure to submit an IGR report by the required date will result in automatic referral.
 - o. A dry run is recommended in parallel with the timeline for drafting the required Guidance.
 - p. Nothing in this process overrides an individual’s responsibility to report breaches of the law under the Pensions Act 2004 or any other professional or legal whistleblowing obligations.





F. Compliance and improvement (continued)

2. LGA run a peer challenge process for some areas of local government. It is a process commissioned by a council and involves a small team of local government officers and councillors spending time at the council as peers to provide challenge and share learning. It is suggested that a similar peer challenge process is established for the LGPS.

F.1 Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified.

IGR reports to be assessed by a SAB panel of experts.

F.2 LGA to consider establishing a peer review process for LGPS Funds.

Summary of the compliance and improvement process

Annually, each administering authority to produce a governance compliance statement signed by the senior LGPS officer and S151 which demonstrates compliance with LGPS requirements.

Biennially, each administering authority to commission an Independent Governance Review (IGR).

IGR reports to senior LGPS officer, pensions committee and pensions board.

IGR report goes to a SAB panel of experts for assessment. Panel could request further details of improvement plans, make recommendations or report to TPR & MHCLG


Next steps

The Working Group recommends that SAB and MHCLG accept the recommendations in this report and initiate phase III of the project.

Phase III should contain the following elements:

- 1.** MHCLG to draft the required changes to the Guidance.
- 2.** SAB to ask the National Framework to begin work on establishing Independent Governance Review provider framework.
- 3.** SAB to establish the 10-15 KPIs referred to within proposal E.3.
- 4.** It is envisaged that the governance compliance statement will act as a summary, evidencing the Fund's position on all areas of governance and compliance. Where a fund is non-compliant in a certain area the statement should provide information within and accompanying improvement plan about the steps being taken in order to address non-compliance. SAB to consider drawing up a complete list of the topics that should be included within the governance compliance statement.



A full-page photograph of a forest. The foreground is filled with a dense carpet of small, purple flowers, likely bluebells, growing among green grass. The middle ground shows numerous tall, slender tree trunks, mostly deciduous, with their leaves forming a thick canopy. Sunlight filters through the leaves, creating dappled light on the forest floor. The background is a continuation of the dense forest, with more trees and foliage visible in soft focus.

Appendix A

Summary of recommendations

Area	Proposal
A. General	A.1 MHCLG will produce statutory guidance to establish new governance requirements for funds to effectively implement the proposals below. ("the Guidance").
	A.2 Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund. ("the LGPS senior officer").
	A.3 Each administering authority must publish an annual governance compliance statement that sets out how they comply with the governance requirements for LGPS funds as set out in the Guidance. This statement must be signed by the LGPS senior officer and, where different, co-signed by the S151 officer.
B. Conflicts of interest	B.1 Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, including reference to key conflicts identified in the Guidance.
	B.2 The Guidance should refer all those involved in the management of the LGPS, and in particular those on decision making committees, to the guide on statutory and fiduciary duty which will be produced by the SAB.
C. Representation	C.1 Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to representation and voting rights for each party.
D. Knowledge and understanding	D.1 Introduce a requirement in the Guidance for key individuals within the LGPS, including LGPS officers and pensions committee members, to have the appropriate level of knowledge and understanding to carry out their duties effectively.
	D.2 Introduce a requirement for s151 officers to carry out LGPS relevant training as part of their CPD requirements to ensure good levels of knowledge and understanding.
	D.3 Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.
	D.4 CIPFA and other relevant professional bodies should be asked to produce appropriate guidance and training modules for s151 officers and to consider including LGPS training within their training qualification syllabus.
E. Service delivery for the LGPS function	E.1 Each administering authority must document key roles and responsibilities relating to its LGPS fund and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority's scheme of delegation and constitution and be consistent with role descriptions and business processes.
	E.2 Each administering authority must publish an administration strategy.
	E.3 Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service.
	E.4 Each administering authority must ensure their committee is included in the business planning process. Both the committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.
	E.5 Each Administering Authority must give proper consideration to the utilisation of pay and recruitment policies, including as appropriate market supplements, relevant to the needs of their pension function. Administering Authorities should not simply apply general council staffing policies such as recruitment freezes to the pensions function.
F. Compliance and improvement	F.1 Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified. IGR reports to be assessed by a SAB panel of experts.
	F.2 LGA to consider establishing a peer review process for LGPS Funds.

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Committee

14th January 2020

Report by: Head of Pensions

Subject:	Employer Admissions and Cessations Report
Purpose of the Report:	<ol style="list-style-type: none"> 1. To report the admission of six admitted bodies to the Cambridgeshire Pension Fund 2. To report the admission of one scheduled body to Cambridgeshire Pension Fund 3. To notify the Committee of four bodies ceasing in the Cambridgeshire Pension Fund
Recommendations	<p>That the Pension Fund Committee:</p> <ol style="list-style-type: none"> 1. Notes the admission of the following admitted bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreements: <ul style="list-style-type: none"> • ABM Catering Limited • Caterlink • Easy Clean • Hertfordshire Catering Service (HCL) • Nightingale Cleaing Limited • Pabulum Limited 2. Notes the admission of the following scheduled body to the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> • Our Lady of Walsingham Catholic MAT 3. Notes the cessation of the following admission agreements with the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> • Aspens (The Weatherall's Primary School) • Edwards and Blake (New Road Primary School) • Pabulum (Downham Feoffes Primary) • YMCA Trinity Group
Enquiries to:	<p>Name – Cory Blose, Employer Services and Systems Manager Tel – 07990560829 E-mail – cblose@northamptonshire.gov.uk</p>

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 and cessations from 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)(i) of Part 3 of Schedule 2 is an admission body that is providing a service, in connection with the function of a scheme employer, as the result of a transfer of service or assets by means of a contract or other arrangement.
- 2.3 The Pension Fund Committee is asked to note the admission of the following bodies into the Cambridgeshire Pension Fund under paragraph 1(d)(i) and to approve the sealing of the admission agreements.

Date	New Admission Body	Background information
01/10/2019	ABM Catering Limited (Heltwate Primary and Marshfields Primary School)	Heltwate and Marshfields Primary schools, two Peterborough City Council LEA schools have entered into a contract with ABM Catering Limited to provide catering services. As a result, a group of staff were transferred to the new admission body. Peterborough City Council has agreed to retain the pension risk under a Pass Through agreement.
01/08/2018	ABM Catering Limited (The Beeches Primary and Hampton Hargate Primary)	The Beeches and Hampton Hargate Primary schools, two Peterborough City Council LEA schools have entered into a contract with ABM Catering Limited to provide catering services. As a result, a group of staff were transferred to the new admission body. Peterborough City Council has agreed to retain the pension risk under a Pass Through agreement. This agreement has been backdated to 1 August 2018 and backdated contributions have been collected.
01/01/2016	Caterlink (St Peter's HD Academy)	The Cam Academy Trust has entered into a contract with Caterlink to provide catering services for St Peter's HD Academy. As a result, a group of staff were transferred to the new admission body. The Cam Academy Trust has agreed to retain the pension risk under a Pass Through agreement, which has been agreed with the Department for Education.

02/01/2019	Easy Clean (The Phoenix School - Phase 1 Juniors)	The Phoenix Junior School, a Peterborough City Council LEA school, has entered into a contract with Easy Clean Contractors Limited to provide cleaning services . As a result, a group of staff were transferred to the new admission body. Peterborough City Council has agreed to retain the pension risk under a Pass Through agreement.
01/09/2019	Easy Clean (The Phoenix School – Phase 2 Secondary)	Peterborough City Council has entered into a contract with Easy Clean Contractors Limited to provide cleaning services for The Phoenix Secondary School. As a result, a group of staff were transferred to the new admission body. Peterborough City Council has agreed to retain the pension risk under a Pass Through agreement.
03/09/2018	HCL - Hertfordshire Catering Service (Hartford Infants, Hartford Junior & Gamlingay First School)	The Cam Academy Trust has entered into a contract with Hertfordshire Catering Service to provide catering services for Hartford Infants and Junior Schools and Gamlingay First School. As a result, a group of staff were transferred to the new admission body. The Cam Academy Trust has agreed to retain the pension risk under a Pass Through agreement.
01/12/2018	Nightingale Cleaning Limited – Cambridge Meridian Academies Trust (CMAT)	CMAT have entered into a contract with Nightingale Cleaning Limited to provide cleaning services for all academies listed under the trust. As a result, 47 staff were transferred to the new admission body and a full admission agreement has been put in place. CMAT have agreed to act as a guarantor for their pension risk. This agreement has been backdated to 1 December 2018 and backdated contributions have been collected.
06/04/2019	Pabulum (Morely Memorial)	The Morely Memorial Primary School, a Cambridgeshire LEA School, have entered into a contract with Pabulum to provide their catering services. As a result, a group of staff were transferred to the new admission body. Cambridgeshire County Council has agreed to retain the pension risk under a Pass Through agreement.

- 2.4 There are a number of back dated admissions in this report. These admissions did not progress at the relevant time due to delays by the employers in agreeing bond and/or guarantor arrangements. The admission process was either delayed or closed at that time and later reopened when all requirements were met. As per the regulations, where an admission body of this type undertakes to meet the requirements of the regulations, the appropriate administering authority must admit them to the Scheme. The admission agreements have been backdated, in line with the regulations.

3. New Scheduled Body

- 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 Academies transferring
01/09/2019	Our Lady of Walsingham Multi Academy Trust	Our Lady of Walsingham MAT has joined the Fund following the conversion of St Laurance Catholic Primary School under the sponsorship of the Our Lady of Walsingham Multi Academy Trust.

4. Cessations

4.1 Aspens Services Limited (Weatheralls Primary School)

- 4.1.1 Aspens Services Limited were admitted to the Fund under a pass through agreement on 27 October 2018, after entering a contract to provide catering services to The Weatheralls Primary School, part of the Staploe Education Trust.
- 4.1.2 Their service contract with The Staploe Education Trust ended on 5 April 2019. No exit payment or credit will be required as the pension liabilities were retained within The Staploe Education Trust.

4.2 Edwards and Blake (New Road Primary School)

- 4.2.1 Edwards and Blake were admitted to the Fund under a pass through agreement on 7 December 2018, after entering a contract to provide catering services to New Road Primary School, part of the Aspire Learning Trust.
- 4.2.2 On 7 December 2019, the last active member left employment. No exit payment or credit will be required as the pension liabilities were retained by the Aspire Learning Trust.

4.3 Pabulum (Downham Feoffes Primary School)

- 4.3.1 Pabulum were admitted to the Fund under a pass through agreement on 18 February 2018, after entering a contract to provide catering services to Downham Feoffes Primary School, part of the Cambridgeshire Meridian Academy Trust (CMAT).
- 4.3.2 Their contract with CMAT ended on 31 July 2019. No exit valuation has been completed as CMAT agreed to accept the pension assets and liabilities at the end of their contract.

4.4 YMCA Trinity Group

- 4.4.1 YMCA Trinity Group were admitted to the Fund under a pass through agreement on 1 August 2018, after entering a contract to provide community based services with Cambridgeshire Council Council.
- 4.4.2 On 31 March 2019, the last active member left employment. No exit payment or credit will be required as the pension liabilities were retained by Cambridgeshire Council Council.

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. Risk Management

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

Risk No	Risk	Residual risk rating
11	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	Green
14	Failure to administer the scheme in line with the regulations.	Green
17	Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green
21	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met.	Green

6.3 The Fund's full risk register can be found on the Fund's website at the following link:

<https://pensions.northamptonshire.gov.uk/app/uploads/2019/10/RiskRegisterCPF.pdf>

7. Communication Implications

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

8. Legal Implications

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

9. Consultation with Key Advisers

9.1 Contribution rate and bond assessments are undertaken by Hymans Robertson, the Fund Actuary.

9.2 A precedent admission agreement has been drafted by Eversheds, specialist pension legal advisers in consultation with LGSS Law.

10. Alternative Options Considered

10.1 None available.

Checklist of Key Approvals	
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 17 th December 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 4 th December 2019
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 17 th December 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 4 th December 2019

