

PENSION FUND BOARD ANNUAL REPORT 2014-15

To: County Council

Date: 13th October 2015

From: Chairman of the Pension Fund Board

Purpose: To report on the work of the Pension Fund Board over the previous year.

Recommendation: It is recommended that Full Council note the content of the report.

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1. ANNUAL REPORTS TO THE COUNCIL

- 1.1 Some of the Council's committees report to the Council annually on their work to improve awareness of issues and to provide the Council with an opportunity to debate issues which might not otherwise be referred for discussion. It also allows the Council to exercise oversight of activity in a number of important areas and to emphasise the accountability of these committees to the Council.

2. BACKGROUND

- 2.1 The Local Government Pension Scheme (LGPS) for Cambridgeshire, which is administered by the County Council, provides pensions and related benefits for employees of the County Council, Peterborough and Cambridge City Council, the five District Councils, and other public sector employers and bodies admitted to the Fund within the county.
- 2.2 The Cambridgeshire Pension Fund's accounts are a separate entity from the remainder of the Council's and as such a separate statement of accounts are produced.
- 2.3 Organisations participating in the Cambridgeshire Pension Fund as at 31 March 2015 are listed in the Annual Report and Statement of Accounts 2014-15 as attached.
- 2.4 At 31 March 2015 there were 220 active scheme employers in the Fund ranging from parish councils, outsourced contractors and district, city, county and borough councils.
- 2.5 Total membership of the Fund at 31 March 2015 was 69,258 of which active membership was 25,345, deferred membership 28,255 and pensioner membership 15,658.
- 2.6 The Fund does not include police and firefighters nor, generally, a teacher for whom separate pension schemes apply; but does include the support staff to these services.
- 2.7 At 31 March 2015 the Fund was valued at £2.26bn. This is an increase in Fund value of £231m from March 2014, which equates to a 11.4% increase.
- 2.8 The Cambridgeshire Pension Fund delivered a return of 12.2% for the year, under performing the Fund's benchmark return (13.5%) and the average Local Authority Pension Fund (13.2%). Source WM Universe.
- 2.9 Over the year, the funding level for the Fund has decreased from 78% to 72%. This is principally due to the value of liabilities increasing faster than increase in the value of assets. The Fund obtains regular quarterly updates on the funding level with a formal valuation of the Fund carried out triennially, the last being 31 March 2013.

- 2.10 The LGPS regulations govern the way the Pension Fund operates. It is a statutory scheme with limited discretion available to each employer. Benefits and employees' contributions are determined by these statutory regulations and not affected by the investment performance of the Fund.
- 2.11 The Pension Fund Board is responsible for the overall investment strategy and management arrangements to ensure that the Fund is able to meet its liabilities for pensions and other benefits with the minimum, stable level of employer contributions.
- 2.12 The Pension Fund Board consisted of 11 representatives during 2014-2015 as detailed below:
- County Councillor Members – Councillor Steve Count, Councillor Roger Hickford, Councillor Maurice Leeke, Councillor Peter Ashcroft, Councillor Michael Shellens (replaced Councillor Ashley Walsh) and Councillor Mac McGuire (replaced Councillor John Reynolds).
 - All other Local Authorities, Police and Fire (Unitary Representative – Councillor David Seaton.
 - All other Local Authorities, Police and Fire (Borough and District Representatives) – Councillor Andrew Fraser (replaced Councillor Nick Guyatt)
 - Other Employers' Representatives – Tim Woods (replaced David Brooks)
 - Member Representatives – Matthew Pink (active members) and John Walker (deferred/retired members)

The Committee is advised by the Fund actuary, the Fund investment adviser and the LGSS Section 151 Officer, the statutory Chief Finance Officer for Cambridgeshire County Council. The day-to-day investment arrangements for the Fund are undertaken by external managers appointed by the Investment Sub Committee of the Pension Fund Board.

- 2.13 The Annual Report and Statement of Accounts for 2014-15 as attached in **Appendix 1** details the activities of the Fund and the Pension Fund Board during that period. The Annual Report contains, amongst others, the following key information:
- An overview of Financial Performance, detailing the Fund's income and expenditure, performance against budget figures, timeliness of contributions paid to the Fund, movements in assets and liabilities and overpayments of pension;
 - An overview of Administrative Management Performance, detailing the Fund's key administration performance indicators, customer satisfaction, complaints against the Fund, administrative costs per member (excluding investment management), key staffing indicators, Fund membership profile and employee and employer contributions paid to the Fund for the reporting period;
 - Investment Policy and Performance Report detailing the Fund's investment

asset allocation, the role of investment managers, manager profiles and investment performance and the investment consultant's annual investment review 2014/2015;

- Scheme Administration detailing key administration functions of the Fund and also details the Internal Disputes Resolution Procedure and details any cases that have arose through the period;
- Actuarial Report on the Fund details the funding position at the last actuarial valuation of the Fund on 31 March 2013;
- Governance Compliance Statement detailing Pension Fund Board and Sub-Committee Representatives and the attendance at meetings of those members;
- An overview of Pensions Administration Strategy detailing examples of the agreed standards for both scheme employers and the administering authority and highlights the overall purpose of the strategy;
- Funding Strategy Statement details the decisions the Fund needs to take in order to meet not only current liabilities but to also make advance provision for the accrual of future liabilities;
- Statement of Investment Principles details the Fund's principles in governing its decisions about the investment of scheme money;
- Communication Policy Statement details the regulations in which the administering authority is required to prepare, maintain and publish a written statement concerning communications, to set a policy on matters such as promoting the Scheme and keep the statement under review; and
- The Statement of Accounts, comprising the Fund Account, Net Assets Statement and Notes detailing the Pension Fund account activity for the reporting period as incorporated in the Cambridgeshire County Council Statement of Accounts.

2.14 With effect from 1 April 2015, the Pension Fund Board became known as the Pension Fund Committee following the introduction of Local Pension Boards as a result of the Public Service Pensions Act 2013.

2.15 The Local Pension Board (known as the Pension Board) is non-decision making whose purpose is to assist the administering authority:

- to secure compliance with the LGPS regulations and other legislation relating to the governance and administration of the LGPS and also the requirements imposed by the Pensions Regulator in relation to the LGPS; and
- to ensure the effective and efficient governance and administration of the LGPS.

- 2.16 The Pension Board comprises 3 scheme employer and 3 scheme member representatives and meets 4 times a year.

3. PENSION FUND REPORT AND ACCOUNTS 2014-15

- 3.1 A copy of the full Pension Fund Report and Statement of Accounts for 2014-15 is attached.

Source Documents	Location
Pension Fund Report and Statement of Accounts 2014-15	LGSS Pensions Service, John Dryden House, Northampton