

CAMBRIDGESHIRE PENSION FUND BOARD



Date: Wednesday, 12 April 2017

Democratic and Members' Services

Quentin Baker

LGSS Director: Law and Governance

Shire Hall

Castle Hill

Cambridge

CB3 0AP

10:00hr

Shire Hall, Castle Hill, Cambridge, CB3 0AP

AGENDA

Open to Public and Press

1 Declarations of Interest

*Guidance for Councillors on declaring interests is available at
<http://tinyurl.com/ccc-dec-of-interests>*

2 Apologies for Absence

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13 Exclusion of Press and Public

To resolve that the press and public be excluded from the meeting on the grounds that the following item contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed: information relating to the financial or business affairs of any particular person (including the authority holding that information)

14 Asset Pooling Update

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

The Cambridgeshire Pension Fund Board comprises the following members:

Mr Barry O'Sullivan (Chairman) Councillor Peter Downes (Vice-Chairman)

Mr David Brooks Mr Denis Payne and Mr John Stokes and Councillor Mac McGuire

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

Clerk Name: Daniel Snowdon

Clerk Telephone: 01223 699177

Clerk Email: daniel.snowdon@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 <http://tinyurl.com/cambs-constitution>.

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LOCAL PENSION BOARD



MINUTES OF THE CAMBRIDGESHIRE LOCAL PENSION BOARD

Wednesday 25th January 2017

Members of the Board in attendance:
Employers – Councillor P Downes [Vice-Chairman]

Scheme Members in attendance:
B O'Sullivan [Chairman], D Brooks and J Stokes

Officers in attendance:
M Rowe – Democratic Services Manager
M Oakensen – Governance Officer
D Snowden – Democratic Services Officer
P Tysoe – Investments and Accounting Manager
J Walton – Governance and Regulations Manager
M Whitby – Head of Pensions

Time: 10.00am to 12:25pm
Place: Shire Hall, Cambridge

57. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

There were no apologies received.

The Chairman declared a Disclosable Pecuniary Interest under the Code of Conduct as his wife had become a member of the Local Government Pension Scheme (LGPS); Councillor Downes also declared that he was a member of the LGPS.

58. LOCAL PENSION BOARD SEMINAR FEEDBACK

At the discretion of the Chairman the order of the agenda was changed due to the meeting not being quorate.

The Board received feedback from the Chairman regarding the Local Pension Board seminar that took place in November 2016. The Chairman recommended that Board members attend in the future. The speakers were knowledgeable and covered topics including structure and governance models, valuations and training. The Chairman advised that he would circulate the training material by email to Board members. **ACTION**

CHAIR

The Chairman informed the Board that a scheme member had approached him raising concern over the notice period provided for changes to late retirement

factors. Officers advised that the Government had made changes that affected people who were working beyond their retirement age. Disclosure rules dictated that material changes to pensions had to be communicated within 3 months of the change. Communication had been issued within 2 months of the change and therefore the statutory timeline had been met, albeit Officers did not consider this to technically be a material change. The short notice was therefore the fault of the Government.

Councillor Downes arrived at 10:15am

59. MINUTES OF THE PENSION FUND COMMITTEE

It was resolved to note the contents of the Pension Fund Committee held on 8th December 2016.

60. MINUTES & ACTION LOG – 26TH OCTOBER 2016

The minutes of the meeting of 26th October 2016 were approved as a correct record and signed by the Chairman.

Matters arising from the action log:

- The Board noted the decision of the ACCESS Shadow Joint Committee not to appoint a member representative to the Joint Committee.
- Requested that estimated completion dates be added to the action log.

ACTION

- Board members noted that the Council's Monitoring Officer had confirmed that the Chairman and Vice-Chairman of the Board would be invited to take part in the interview process.

DS

It was resolved to note the feedback.

61. EXECUTIVE SUMMARY REPORT

The Board received the Executive Summary Report of the items discussed at the October and December 2016 meetings of the Pension Committee.

In the course of discussion Board members:

- Expressed concern regarding the financial position of many Academy Schools and questioned what the possible risks were to the pension fund if their financial position became untenable. Officers advised that the Government was the guarantor of last resort. How academies were treated within the scheme would be reviewed if there was a change to government policy.
- Drew attention to the outsourcing of services from the public sector to the private sector but retained pension risks following the outsourcing. Officers explained that it was common for pension risks not under the control of the contractor to be retained in order to minimise the contract price of the service.

It was resolved to note the Executive Summary Report.

62. INTERNAL AUDIT REPORT 2015/2016

The Board received the 2015/16 Internal Audit Report of the LGSS Pensions Administration. The audit supplied substantial assurance following the assessment of the adequacy of design and

During discussion of the report Board members:

- Clarified the levels of assurance provided by auditors. Officers drew attention to the explanation of the assurance levels provided in appendix 1 to the report.
- Noted the “Tell Us Once” service that had been used by the Pensions Team since April 2016 had been successful however, it was an optional service that required the service to be requested when registering a death.
- Noted the risk management process and role of the risk register within the audit process.

It was resolved to note the Internal Audit Report 2015/16.

63. CAMBRIDGESHIRE PENSION FUND VALUATION REPORT

Board members were presented the Cambridgeshire Pension Fund Valuation Report. The report provided an update on the progress of the 2016 valuation of the Cambridgeshire Pension Fund. The Pension Fund valuation was carried out on a triennial basis, provided a health check of the whole Pension Fund, and provided employers with their individual funding positions.

During discussion:

- Noted the assumptions made during the valuation process.
- Noted there had been keen interest from employers in attending surgeries.
- Questioned the scope of employers not to pay the contribution rate because it was too high. Officers explained that it would be the responsibility of the employer to demonstrate that the contribution rate was too high. What options were available to employers depended on what type of employer they were.
- Confirmed that officers would identify appropriate training. Board members were encouraged to contact officers with regard to training that they had identified.
- Queried paragraph 2.2.2 of the report and confirmed that positive membership experience meant positive for the fund.

It was resolved to note the contents of the report.

64. CAMBRIDGESHIRE LOCAL PENSION BOARD EFFECTIVENESS REVIEW

The Board received the effectiveness review of the Cambridgeshire Local Pension Board. A survey had been issued to members of the Board in October 2016 seeking feedback on 15 statements that related to the effectiveness of the Board.

During the course of discussion Board members:

- Noted that the role of the Local Pension Board was to oversee the work of the Pension Committee ensuring that they were operating effectively.
- Noted the role of the Local Pension Board in supporting the Pension Committee by reviewing strategies prior to their presentation at the Pension Committee.
- Highlighted ethical investment and questioned the role of the Board in investment process. Officers explained that the strategy document regarding the statement of investment principles was currently being refreshed following a change to the regulations and be presented to the Pensions Investments Sub-Committee and Pensions Committee.
- Noted that all consultation of scheme members with regard to the investment strategy took place through a number of different routes including through the pension website. Officers explained the approach of responsible investment that did not necessarily disengage from companies but encouraged them to move into different areas of business. There was also a responsibility to scheme members to invest in a responsible manner to their benefit. Work was continuing with the Church of England and the Environment Agency regarding responsible investment and there was a training event taking place in Bournemouth that Board members were encouraged to attend.

It was resolved to note the feedback and approve the plan of action to improve the effectiveness in the areas identified.

65. CIPFA PENSIONS ADMINISTRATION BENCHMARKING CLUB REPORT 2016.

The Board received the Chartered Institute of Public Finance and Accountancy (CIPFA) Benchmarking Club Report in respect of the year ending 31 March 2016. The Benchmarking Club covered 43 of the 90 pension funds and was a voluntary assessment. Therefore the results were somewhat limited and it was likely that the net cost per member was slightly higher than average in Cambridgeshire because the most expensive funds had not taken part in the benchmarking exercise.

During discussion the Board:

- Confirmed that the table set out in paragraph 2.7 of the report should state Cambridgeshire not Northamptonshire.

- Noted that the assessment did not constitute a league table of pension funds because there was a large variance in how the data was collected and recorded. If other schemes were materially more efficient then officers would approach them to identify any aspects that the Cambridgeshire fund could benefit from. The benefit of the benchmarking exercise was to meet other funds and promote consistency in data collection and the sharing of accountancy knowledge.
- Noted the analysis of the costs of the scheme administration. Officers informed the Board that following previous results the Altair system had been implemented in order to improve performance.

It was resolved to note the content of the report.

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

The Pension Regulator's Public Service Pension Scheme Compliance Assessment Tool was presented to the Board. This demonstrated how the Cambridgeshire Fund was complying with the Pension Regulator's Code of Practice.

Officers highlighted paragraph 2.2 of the report explaining that in many areas compliance was achieved however the supporting documentary evidence was not available. It was anticipated that full compliance would be achieved by the end of the year.

It was resolved to note the content of the report

67. CAMBRIDGESHIRE PENSION FUND TRAINING STRATEGY 2016

The Board was presented the 2016 Training Strategy. Officers highlighted the training credits concept and the mix of training from e-learning to training days that recognised commitments that people had.

During discussion:

- It was confirmed that all training completed prior to the introduction of the training policy counted toward the credit scheme.
- Board members clarified that training provided through Unison would also count toward credits if it was relevant.
- It was explained that it would be a rolling programme and Board members would be contacted regarding their current training position. **ACTION**

MO

It was resolved to approve the attached Cambridgeshire Pension Fund Training Strategy.

68. CAMBRIDGESHIRE PENSION FUND ANNUAL REPORT AND STATEMENT OF ACCOUNTS 2015/16

Board members were presented the Cambridgeshire Pension Fund Annual Report and Statement of Accounts 2015/16. Officers informed the Board that there had been issues with the auditors, BDO primarily due to it having been their first audit. Officers highlighted the findings and feedback from the External Audit Fieldwork contained in section 3 of the report in particular, paragraph 3.3 where previous auditors Price Waterhouse Coopers (PWC) and KPMG had not highlighted it as an issue.

Board members drew attention to paragraph 2.6 of the report, highlighting the year on year negative swing in the Fund Account. Officers informed the Board that there had been a further swing back to the value of £264m as at September 2016. The fund had also made £199m on currency movement since Britain voted to leave the European Union.

It was resolved to note the report

69.

INVESTMENT UPDATE

Board members received a presentation on current investments, which is attached at appendix A to these minutes. The presentation was moved up the agenda with the unanimous agreement of the Board. The Chairman left the meeting at 12:10pm and the Vice-Chairman presided over the meeting in his absence.

During discussion Board members:

- Highlighted the remuneration packages of Fund Managers who are rewarded regardless of whether targets were met or not. Officers explained that Fund Managers there was a broad range of remuneration packages that depended on the type of Fund Manager. If there was a need for a Fund Manager to be steady and not take undue risk then it would not be reasonable to reward the Fund Manager based on risk as it may incentivise him to take undue risks and vice-versa.
- Noted that a fund manager could be changed if their long-term performance had deteriorated significantly, if there had been significant structural change to the company or if they changed to a different style of fund management.
- Requested that the presentation be forwarded to Board members format.
- Requested that the latest version of the inter authority agreement regarding the Joint Committee for the Asset Pool be circulated to Board members.

DS

ACTION

JW/MW

It was resolved to note the update.

70. LGSS PENSION SERVICE ADMINISTRATION PERFORMANCE REPORT

At the discretion of the Vice-Chairman and with the agreement of the Board The LGSS Pension Service Administration Performance Report was deferred to the April meeting of the Board.

It was resolved to defer the report until the April meeting of the Board.

71. AGENDA PLAN

Board members received the agenda plan

Members requested dates of the Pension Fund Committee and Investments Sub-Committee. **ACTION** **DS**

Chairman

**Cambridgeshire Local
Pension Board****Minutes - Action Log****Introduction:**

This log captures the actions arising from the Cambridgeshire Local Pension Board and will form an outstanding action update from meetings of the Committee to update Members on the progress on compliance in delivering the necessary actions.

This is the updated action log as at 31 March 2017.

Minute No.	Report Title	Action to be taken by	Action	Comments	Completed/ Ongoing	Date for completion
Minutes of 21st October 2015						
12.	Cambridgeshire Local Pension Board – Terms of Reference, Standing Orders & Code of Conduct.	M Rowe/D Snowdon	The Board to consider the outcome of the Local Government Scheme Advisory Board review of the newly formed Local Pensions Boards.	Awaiting publishing of Scheme Advisory Board review who advised that it would be released in the New Year but as yet nothing has been released. Contacted again but no response received to date.	Ongoing.	Unsure of date for completion
22.	Procedure for Future Appointments to the Local Pensions Board.	M Rowe/J Walton	The Board highlighted the importance of communications and requested the Pension website be placed on payslips as part of	To be included on payslips from April 2017, currently in discussions with the payroll project team over this.	Ongoing	Delayed to June/July 2017 due to other

			the ongoing development work regarding the Payroll system			technical priorities.
22.	Procedure for Future Appointments to the Local Pensions Board.	J Walton/M Oakensen	The Board suggested an introductory presentation be developed for potential future Board Members.	Welcome e-mails have been developed with links to previous papers, the Pensions Website and the Pension Regulator toolkit. Induction training is still being developed and is also part of the Training Strategy.	Ongoing.	August 2017
Minutes of 25th January 2017						
58.	Local Pension Board Seminar Feedback	B O'Sullivan	The Chairman advised that he would circulate the training material by email to Board members		Complete	
60.	Minutes and Action Log 26 October 2016	D Snowdon	Requested that estimated completion dates be added to the action log	Dates added to the action log from April 2017.	Completed	
67.	Cambridgeshire Pension Fund Training Strategy 2016	M Oakensen	Board members would be contacted regarding their current training position.		Ongoing	July 2017
69.	Investment Update	D Snowdon	Requested that the Investment presentation be forwarded to Board members.		Complete	
69.	Investment Update	M Whitby	Requested that the latest version of the inter authority agreement regarding the Joint Committee for the Asset Pool be circulated to Board members	The inter authority agreement report to full council was sent to board members on 20 March 2017	Completed	
70.	Agenda Plan	D Snowdon	Members requested dates of the Pension Fund Committee and Investments Sub-Committee		Complete	

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

Date: 12 April 2017

Report by: Head of Pensions

Subject:	2017 Joint Communications Strategy
Purpose of the Report	To present the Cambridgeshire Pension Fund Communication Strategy to members of the Board.
Recommendations	The Board are asked to note the Communication Strategy located in the appendix to this report.
Enquiries to:	Name - Cory Blose – LGSS Employer Services and Systems Manager Tel – 07990560829 E-mail – cblose@northamptonshire.gov.uk

1. Background

- 1.1 The Local Government Pension Scheme Regulations 2013 (The Regulations) requires the Pension Fund to prepare, maintain and publish a written statement setting out its policy concerning communications with members and scheme employers.

61. (1) An administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with—

- (a) members;*
- (b) representatives of members;*
- (c) prospective members; and*
- (d) Scheme employers.*

(2) In particular the statement must set out its policy on—

- (a) the provision of information and publicity about the Scheme to members, representatives of members and Scheme employers;*
- (b) the format, frequency and method of distributing such information or publicity; and*
- (c) the promotion of the Scheme to prospective members and their employers.*

(3) The statement must be revised and published by the administering authority following a material change in their policy on any of the matters referred to in paragraph (2).

- 1.2 The current Communication Strategy was previously approved at the October 2014 Pension Committee meeting. This is included in appendix 1.
- 1.3 The existing Strategy has been reviewed to ensure it is fit for purpose and in line with the Pension Fund's objectives which have been amended since the previous strategy was approved.
- 1.4 A proposed new strategy incorporating the new Pension Fund Objectives has been drafted by Officers and included in appendix 2.
- 1.5 The changes between the 2014 and proposed revised Strategy are identified in Section 3 of this report.

2. The Communications Strategy

- 2.1 The Communications Strategy details the Funds approach to the delivery of the Funds key communication objectives, including the methods of communication that will be used for each of the following stakeholders:

Active scheme members
Deferred scheme members
Prospective scheme members
Retired scheme members
Dependant scheme members
Scheme employers
Fund staff

- 2.2 The Strategy sets firm deadlines for key communications in the Communications Plan, which is updated annually.
- 2.3 The Communication Strategy also provides details about the Fund's approach to the following matters:

Brand Identity
Confidentiality
Disclosure
Equality
Freedom of Information

3. Revisions made to the Communication Strategy

- 3.1 The main revisions to the Strategy have been to ensure that the strategy is aligned with the revised Pension Fund objectives. The new relevant objectives have been included in section 4 of this report. For fullness, the previous objectives that applied to the Communication Strategy were as follows:

Provide clear information about the Scheme, including changes to the Scheme, to educate and engage with scheme members so that they can make informed decisions about their membership, contributions and benefits.
Deliver a clear and consistent message that is engaging, factual and presented in plain language.
Promote the Scheme as a valuable benefit.
Seek and review regular feedback from all stakeholders about communications and shape future communications appropriately.
Look for efficiencies in delivering communications including through greater use of technology and partnership working.

- 3.2 Other changes to the Strategy reflect changes to the way in which we communicate with members, particularly, the Fund's increasing use of electronic communication, where possible and some minor rewording.
- 3.3 The Communication Plan has also been updated to show schedule communications for the 2017/18 Scheme year.

4. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>(Objective no 1)</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 no 3)</i>
Continually monitor and measure clearly articulated objectives through business planning. <i>(Objective no 4)</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>(Objective no 5)</i>
Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. <i>(Objective no 8)</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 in order that they can make informed decisions about their benefits. <i>(Objective no 14)</i>

5. Communication Implications

Direct Communications	Not applicable
Website	The approved communication strategy will be published on the LGSS Pensions website

6. Legal Implications

- 6.1 Not applicable

7. Consultation with Key Advisers

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

8. Alternative Options Considered

8.1 Not applicable

9. Background Papers

9.1 Not applicable

10. Appendices

10.1 Appendix 1 – Proposed revised Cambridgeshire Pension Fund Communications Strategy

10.2 Appendix 2 – Comparison document

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Yes
Will further decisions be required? If so, please outline the timetable here	No
Is this report proposing an amendment to the budget and/or policy framework?	N/A
Has this report been cleared by Head of Pensions?	Mark Whitby – 21 March 2017

**CAMBRIDGESHIRE PENSION FUND &
NORTHAMPTONSHIRE PENSION FUND**

JOINT COMMUNICATION STRATEGY

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1. Introduction

This is the joint Communications Strategy for the Cambridgeshire Local Government Pension Fund and the Northamptonshire Local Government Pension Fund managed by Cambridgeshire County Council and Northamptonshire County Council respectively (the Administering Authorities). The administration of these Funds is carried out by the LGSS Pensions Service, which incorporates administration for both the Cambridgeshire Pension Fund and the Northamptonshire Pension Fund.

Together the Funds have around 600 employers with contributing members and a total membership of over 140,000 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	Northamptonshire Pension Fund
Active scheme members	26,939	20,576
Deferred scheme members	33,043	26,865
Pensioner members	17,203	15,398

This document outlines our strategic approach to communications and is effective from 1 April 2017 and will be reviewed annually to ensure effectiveness and that the key objectives remain relevant.

The overall effectiveness of the Strategy will be reviewed by evaluating stakeholder engagement through the collection of feedback using annual surveys, evaluation forms and general feedback from stakeholders. Attendance at Fund events and use of Employer and Member Self Service will also be used as indicators of overall engagement, in order to evaluate the effectiveness of the Strategy.

How the Fund will review the effectiveness of the Strategy in meeting each of the relevant communications objectives is detailed in the section “Implementation of Communication Key Objectives”.

2. Communication Strategy

Regulatory framework

This Statement has been produced in accordance with Regulation 61 of the Local Government Pension Scheme Regulations 2013. The Regulation requires Administering Authorities to:

- Prepare, maintain and publish a written Statement setting out their policy concerning communications with:
 - Scheme members (active, deferred, retired and dependant)
 - representatives of scheme members
 - prospective scheme members
 - scheme employers
- Set out their policy on:
 - the provision of information and publicity about the Scheme

- the format, frequency and method of distributing such information or publicity
- the promotion of the Scheme to prospective scheme members and their employers.
- Keep the Statement under review and make such revisions as are appropriate following a material change in the policy on any of the matters included. If revisions are made, a revised statement must be published.

Key objectives

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

- 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 in order that they can make informed decisions about their benefits.

Measurements are in place to determine if these objectives are being met – see ‘Implementation of Communication Key Objectives’.

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
- 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

Brand Identity

The Funds recognise that our visual identification is one of our most powerful assets. It tells people who we are and influences how they remember and relate to us. Our branding increases our reputation whilst uniting us visually. When branding our communications it is important that:

- We have individual Fund identities that are distinct from each other and the County Council/LGSS identities.
- The look and feel of a communication should be identical where possible, but with separate Fund branding – e.g. newsletters should be identical where possible but would clearly display separate Fund branding on the front cover and only refer to the relevant Fund throughout the text.
- If it is unreasonable to produce different materials (e.g. cost difference, logistical challenges, etc) a joint brand is to be considered.
- Both Pension Fund Boards will be required to sign off high-level branding decisions.
- The brand will need to be adaptable to other funds that may become part of LGSS in the future

Confidentiality

The fund is registered under the Data Protection Act 1998 as part of Cambridgeshire County Council and Northamptonshire 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

Each 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 AVC providers.

Equality

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

Freedom of information

This Communications Strategy identifies the classes of information that each Fund publishes or intends to publish in compliance with the Freedom of Information Act. Anyone has a right under the Freedom of Information Act to request any information held by the Fund which is not already made available. Requests should be made in writing to the Head of Pensions at the address at the end of this document.

A fee may be charged and the Funds reserves the right to refuse a request if the cost of providing the information is disproportionately high; if following prompting the request is unclear; and when the requests are vexatious or repeated.

Implementation of Communication Key Objectives

This table sets out the implementation of the delivery of the Funds key communication objectives.

The agreed objectives with measures for success that form the 'Communication Strategy' are:

Objective	Measures of success	Review process
Promote the Scheme as a valuable benefit	<p>Reduction in number of members opting out of the Scheme</p> <p>Positive feedback from all stakeholders</p> <p>All communications promote the scheme as a valuable benefit in a way that it understood by the audience</p>	<p>Monitor opt out rates annually.</p> <p>Surveys and polls on websites.</p> <p>Review scheme communications for effectiveness. Online rating of document usefulness. Obtain Plain English Accreditation.</p>
Provide Scheme members with up to date information about the Scheme in order that they can make informed decisions about their benefits.	<p>Communication includes information and changes to the scheme that supports all stakeholder understanding</p> <p>Communication is delivered via the most appropriate media to the audience with a focus on electronic communication where possible</p> <p>Effective promotion of new media or change of processes to all stakeholders</p>	<p>Surveys and polls (on websites and by email/post). Focus groups.</p> <p>Surveys and polls on websites. Focus groups. Monitor hits on website. Record and review method of communication used. Use appropriate media to convey relevant messages.</p> <p>Surveys and polls on websites. Focus groups. Monitor incoming telephone call and email volumes.</p>

	Feedback from all stakeholders that they have understood the communication enough to make an informed decision	
Deliver consistent plain English communications to Stakeholders	<p>Effective and timely communications to be sent to all stakeholders in clear language that is understood and relevant</p> <p>Feedback from all audiences on the quality and language used in the communication sent.</p> <p>Feedback on the simplicity, relevance and impact of the communication sent.</p>	<p>Monitor enquiries from Stakeholders following key events and communications. (Reduced enquiries mean effective delivery).</p> <p>Surveys and polls on websites. Focus groups.</p> <p>Surveys and polls on websites. Focus groups.</p> <p>Submit all standard communications for plain English assessment with the aim of achieving Plain English accreditation.</p>

Methods of Communication and Key Messages/Objectives for Stakeholders

The Funds aim to use the most appropriate method of communication when dealing with stakeholders. This may involve more than one communication method. We have recently obtained two new and improved ways of communicating with our stakeholders:

The Pensions Website

In 2012 the LGSS Pensions Service implemented a new website:

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

Both domain names lead to the same site, which has joint Fund branding ensuring the identity of each Fund is respected.

Whilst the Funds aim to use the most appropriate communication medium for the audience receiving the information we hope that our website will be the first port of call for all stakeholders where appropriate. The Funds are committed to using technology to enhance our service and reduce costs, where appropriate, and have already switched to electronic communication as our primary means of contact for a number of stakeholders and will continue to explore and develop further use of electronic communications through our website, emails, webinars and self service.

Self Service

Member and Employer Self Service is an internet based application that allows the individual access to information held by the Pensions Service.

Employer Self Service has been implemented and employers are now able to update their member's records and carry out benefit calculations. This is now the primary method through which we accept updates to membership, from small and medium sized employers.

Access to Member Self Service has been offered to the active membership of each Fund. It gives the individual controlled access to their own details, allowing them to update their personal information and carry out benefit calculations.

One of the many benefits of self service for both scheme employers and scheme members is the increased communication and engagement it allows. Active members now receive their annual benefit statements through self service. This will be rolled out to deferred members from August 2017. Members are also encouraged to use self-service, in the first instance, to obtain estimates of their retirement benefits, unless they intend to retire in the next 12 months.

Table Showing our Methods of Communication and Key Message/Objective for Stakeholders

The table below shows the Funds main methods of communicating with the different stakeholder groups, other than the 'usual' day to day communications, plus the key messages and objectives we hope to achieve:

Stakeholder	Communication	Key message/Objective
Active Scheme members	Annual Newsletter (Electronic) Annual Benefit Statements (Electronic) Calculations and costings (e.g. estimates) 'Short guide to LGPS' 'Full guide to LGPS' Website (in particular 'Latest News' page) Member Self Service External training sessions as requested by employer Roadshows Direct Mailings	Key Messages: <ul style="list-style-type: none"> • Your pension is a valuable benefit • You need to make sure you're saving enough for retirement Objectives: <ul style="list-style-type: none"> • To improve understanding of how the LGPS works • To inform scheme members of their rights and benefits • For queries and complaints to be reduced • To make pensions information more readily available
Scheme employers	Quarterly Newsletters Pension Bulletins Ad hoc email alerts Biannual forums Website (in particular 'Latest News' page) Webinars/workshops	Key Messages: <ul style="list-style-type: none"> • You need to be aware of your responsibilities regarding the LGPS • The Fund is a valuable benefit for scheme members and is a good tool for retention of staff Objectives:

	<p>Bespoke/targeted ad hoc training sessions</p> <p>Induction Packs</p> <p>Fact Sheets</p>	<ul style="list-style-type: none"> • To increase understanding of how the Fund works and the effects on scheme members of any legislation changes • To improve relationships • Continue to improve the accuracy of data being provided to us • To make pensions information more readily available
<p>Prospective Scheme members And Opt-Outs</p>	<p>Information on website</p> <p>Scheme Information Leaflets</p> <p>Promotional material distributed through employers</p>	<p>Key Messages:</p> <ul style="list-style-type: none"> • The pension benefits are a valuable part of your reward package • The LGPS is still one of the best pension arrangements available <p>Objectives:</p> <ul style="list-style-type: none"> • To improve take up of the LGPS • To decrease opt out rate and increase understanding of contribution flexibility i.e. 50/50 option • To increase understanding of how the Scheme works and what benefits are provided • To make pensions information more readily available
<p>Deferred Scheme members</p>	<p>Annual Benefit Statements (Electronic)</p> <p>Annual Newsletter (Electronic)</p> <p>Calculations and costings (e.g. estimates)</p> <p>Scheme Information Leaflets</p>	<p>Key Messages:</p> <ul style="list-style-type: none"> • It is important to keep in touch with the LGSS Pensions Service e.g. provide us with address changes • The LGPS is still a valuable part of your retirement package <p>Objective:</p>

	Retirement Packs Website	<ul style="list-style-type: none"> To improve understanding of how the LGPS works To make pensions information more readily available
Retired/Dependant Scheme members	Annual Newsletter Payslips (when criteria is met) P60 Lifetime Allowance Calculations and costings (e.g. estimates)	<p>Key Messages:</p> <ul style="list-style-type: none"> It is important to keep in touch with the LGSS Pensions Service e.g. provide us with address changes The LGPS is still a valuable part of your retirement package <p>Objectives:</p> <ul style="list-style-type: none"> To improve understanding of how the LGPS works To make pensions information more readily available
Fund staff	Monthly service meetings Team meetings Ad hoc meetings Consultations 1:1 / Appraisals Training & Development	<p>Objectives:</p> <ul style="list-style-type: none"> To ensure staff are kept up to date with important information regarding the Service, the Employing Authority and the wider world of pensions as a whole For staff to feel a fully integrated member of the team For management to feedback to staff regarding their individual progress To give staff a chance to feedback their views and suggestions
Pension Fund Boards and Investment Sub Committees	Committee Papers Presentations Consultations Agendas	<p>Objectives:</p> <ul style="list-style-type: none"> To update on the implementation of a policy To monitor success against the agreed measures

	Minutes	
External authorities <ul style="list-style-type: none"> • Trade Unions • Her Majesty's Revenue & Customs (HMRC) • Department for Communities and Local Government (DCLG) • Pensions Regulator • Audit Commission 	<p>Response to enquiries and consultations.</p> <p>Response to changes in legislation.</p>	<p>Objectives:</p> <ul style="list-style-type: none"> • To response to enquiries/statutory requirements.

Communication Timetable 2017/18

MONTH	ACTIVITY						
	Active Scheme members	Scheme employers	Prospective Scheme members	Deferred Scheme members	Retired Scheme members	Dependant Scheme members	Fund staff
APR		Spring Employers Forum Employer Training	Scheme Promotion Fact Sheet and Poster		Payslip	Payslip	Monthly service meeting
MAY	Fire Newsletter Promotion of Member Self Service	Quarterly Newsletter		Promotion of Member Self Service and reminder about electronic ABS	Newsletter – All schemes		Monthly service meeting
JUN		Employer Training					Monthly service meeting

Jul	Promotion of Member Self Service			Promotion of Member Self Service and reminder about electronic ABS			Monthly service meeting
AUG	Annual Benefit Statements - LGPS and Councillors Fire Annual Benefit Statements* Newsletter – All schemes			Annual Benefit Statements - LGPS Newsletter			Monthly service meeting
SEPT		Quarterly Newsletter Employer Training	Scheme Promotion Factsheet and Poster				Monthly service meeting
OCT	Member Survey		Member Survey	Member Survey	Member Survey	Member Survey	Monthly service meeting
NOV		Winter Employers Forum					Monthly service meeting

		Employer Training					
DEC	Annual reports & accounts	Annual reports & accounts Quarterly Newsletter	Annual reports & accounts	Annual reports & accounts	Annual reports & accounts	Annual reports & accounts	Annual reports & accounts Monthly service meeting
Jan							Monthly service meeting
Feb		Employer Training	Scheme Promotion Newsletter				Monthly service meeting
Mar		Quarterly Newsletter			Newsletter – All Schemes		Monthly service meeting
Ad hoc Comms	Website	Training Workshops. Pension Bulletins	Posters Website	Website	Website	Annual review of entitlement – May/June. Website	Regional Pension Officer Groups Website

		Website Valuation Report (every 3 yrs)					Pension Managers Annual Conference Pension Committee Valuation Report (every 3 yrs) CLASS User Group/AGM
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* Must be an active scheme member as at 31st March in the financial year that the statement relates.

3. Further information

If you have any enquiries in relation to this Communications Strategy please do not hesitate to contact us.

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PO Box 202
John Dryden House
8-10 The Lakes
Northampton
NN4 7YD

01604 366537

pensions@northamptonshire.gov.uk

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

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

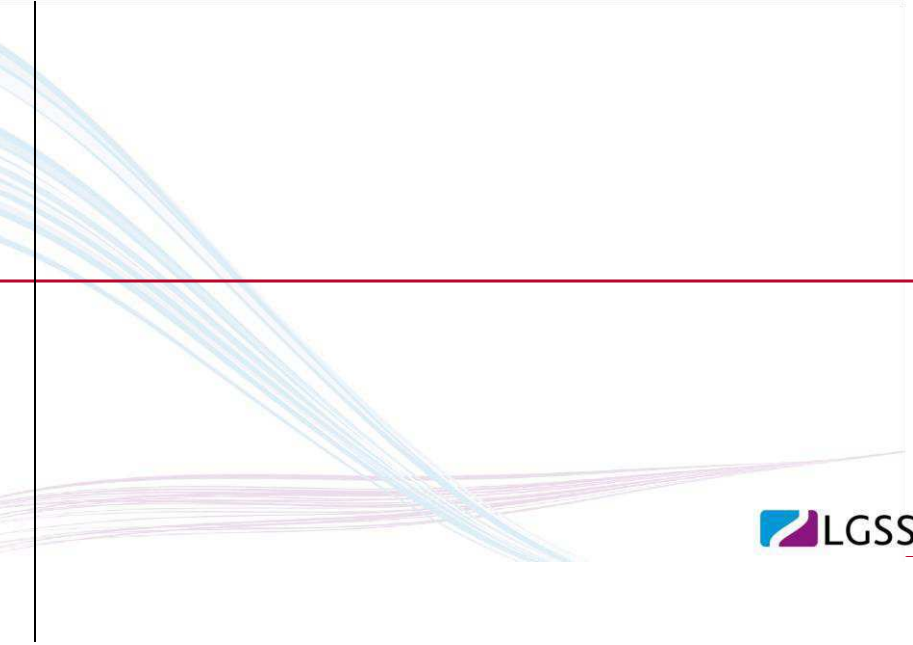
Cambridgeshire Northamptonshire
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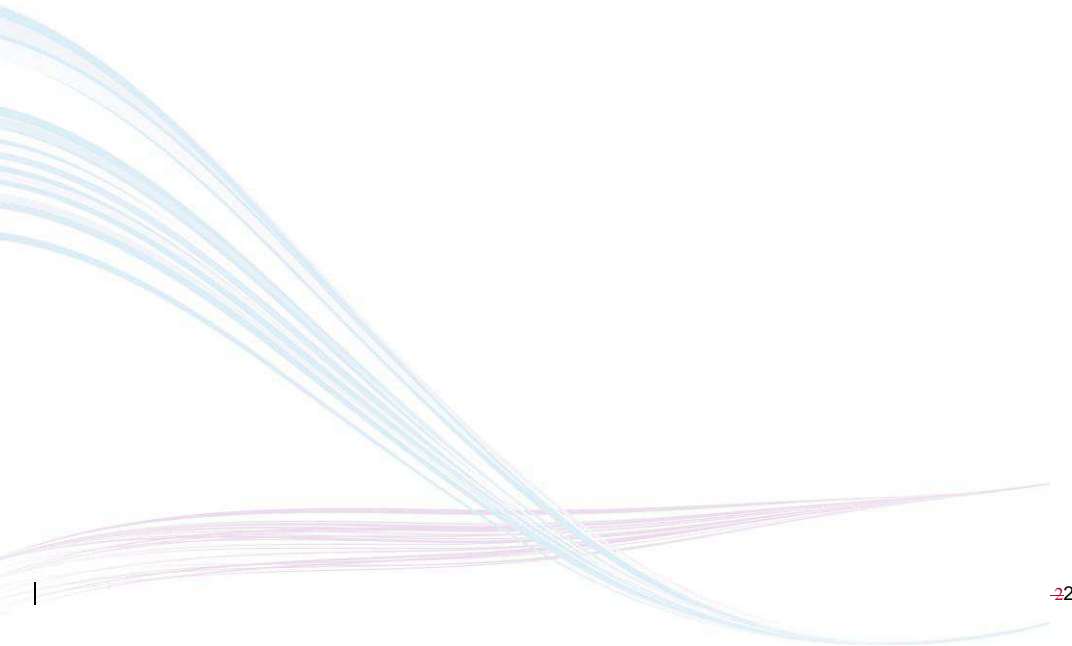
CAMBRIDGESHIRE PENSION FUND &
NORTHAMPTONSHIRE PENSION FUND

JOINT COMMUNICATION STRATEGY-





 LGSS



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1. Introduction

This is the joint Communications Strategy for the Cambridgeshire Local Government Pension Fund and the Northamptonshire Local Government Pension Fund managed by Cambridgeshire County Council and Northamptonshire County Council respectively (the Administering Authorities). The administration of these Funds is carried out by the LGSS Pensions Service, which incorporates administration for both the Cambridgeshire Pension Fund and the Northamptonshire Pension Fund.

Together the Funds have around ~~400~~600 employers with contributing members and a total membership of over ~~149~~140,000 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	Northamptonshire Pension Fund
Active scheme members	24,854 26,939	18,334 20,576
Deferred scheme members	25,793 33,043	20,887 26,865
Pensioner members	14,991 17,203	14,155 15,398

This document outlines our strategic approach to communications and is effective from 1 ~~November 2014~~. ~~It~~April 2017 and will be reviewed annually to ensure effectiveness and that the key objectives remain relevant.

2. Communication Strategy

The overall effectiveness of the Strategy will be reviewed by evaluating stakeholder engagement through the collection of feedback using annual surveys, evaluation forms and general feedback from stakeholders. Attendance at Fund events and use of Employer and Member Self Service will also be used as indicators of overall engagement, in order to evaluate the effectiveness of the Strategy.

How the Fund will review the effectiveness of the Strategy in meeting each of the relevant communications objectives is detailed in the section "Implementation of Communication Key Objectives".

2. Communication Strategy

Regulatory framework

This Statement has been produced in accordance with Regulation 61 of the Local Government Pension Scheme Regulations 2013. The Regulation requires Administering Authorities to:

Authorities to:

- Prepare, maintain and publish a written Statement setting out their policy concerning communications with:
 - Scheme members (active, deferred, retired and dependant)○

○ ~~representatives of scheme members~~

○ ~~prospective scheme members~~

○ scheme employers

• Set out their policy on:

○ ~~the provision of information and publicity about the Scheme~~

○ the format, frequency and method of distributing such information or publicity

○ the promotion of the Scheme to prospective scheme members and their employers.

• Keep the Statement under review and make such revisions as are appropriate following a material change in the policy on any of the matters included. If revisions are made, a revised statement must be published.

Key objectives

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

• Objective 12. Promote the Scheme as a valuable benefit

• Objective 13. Deliver consistent plain English communications to Stakeholders

~~4. Objective 14. Provide clear Scheme members with up to date information about the Scheme, including changes to the Scheme, to educate and engage with scheme members so in order that they can make informed decisions about their membership, contributions and benefits.~~

~~2. Deliver a clear and consistent message, that is engaging, factual and presented in plain language~~

~~3. Promote the Scheme as a valuable benefit~~

~~4. Seek and review regular feedback from all stakeholders about communications and shape future communications appropriately~~

~~5. Look for efficiencies in delivering communications including through greater use of technology and partnership working~~

Measurements are in place to determine if these objectives are being met – see 'Implementation of Communication Key Objectives'.

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
- 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

Brand Identity

The Funds recognise that our visual identification is one of our most powerful assets. It tells people who we are and influences how they remember and relate to us. Our branding increases our reputation whilst uniting us visually. When branding our communications it is important that:

- We have individual Fund identities that are distinct from each other and the County Council/LGSS identities.
- The look and feel of a communication should be identical where possible, but with separate Fund branding – e.g. newsletters should be identical where possible but would clearly display separate Fund branding on the front cover and only refer to the relevant Fund throughout the text.
- If it is unreasonable to produce different materials (e.g. cost difference, logistical challenges, etc) a joint brand is to be considered.
- Both Pension Fund Boards will be required to sign off high-level branding decisions.
- The brand will need to be adaptable to other funds that may become part of LGSS in the future

Confidentiality

The fund is registered under the Data Protection Act 1998 as part of Cambridgeshire County Council and Northamptonshire 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

Each 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 AVC providers.

Equality

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

Freedom of information

This Communications Strategy identifies the classes of information that each Fund publishes or intends to publish in compliance with the Freedom of Information Act. Anyone has a right under the Freedom of Information Act to request any information held by the Fund which is not already made available. Requests should be made in writing to the Head of Pensions at the address at the end of this document.

A fee may be charged and the Funds reserves the right to refuse a request if the cost of providing the information is disproportionately high; if following prompting the request is unclear; and when the requests are vexatious or repeated.

Implementation of Communication Key Objectives

This table sets out the implementation of the delivery of the Funds key communication objectives.

The agreed objectives with measures for success that form the 'Communication Strategy' are:

Objective	Measures of success	Review process
<u>Promote the Scheme as a valuable benefit</u>	<u>Reduction in number of members opting out of the Scheme</u> <u>Positive feedback from all stakeholders</u> <u>All communications promote the scheme as a valuable benefit in a way that it understood by the audience</u>	<u>Monitor opt our rates annually.</u> <u>Surveys and polls on websites.</u> <u>Review scheme communications for effectiveness.</u> <u>Online rating of document usefulness.</u> <u>Obtain Plain English Accreditation.</u>
Provide clear <u>Scheme members with up to date</u> information about the Scheme, including changes to the Scheme, to educate and engage with scheme members so in order that they can make informed decisions about their benefits -	Communication includes information and changes to the scheme that supports all stakeholder understanding Communication is delivered via the most appropriate media to the audience <u>with a focus on electronic communication where possible</u>	Surveys and polls (on websites and by <u>email</u> /post). Focus groups. Surveys and polls on websites. Focus groups. Monitor hits on website.

	<p>Effective promotion of new media or change of processes to all stakeholders</p> <p>Feedback from all stakeholders that they have understood the communication enough to make an informed decision</p>	<p><u>Record and review method of communication used.</u> Use appropriate media to convey relevant messages.</p> <p>Surveys and polls on websites. Focus groups. Monitor incoming telephone call and email volumes.</p>
<p>Deliver a clear and consistent message, that is engaging, factual and presented in plain language</p> <p><u>English communications to Stakeholders</u></p>	<p>An effective implementation of the Communications Timetable <u>Effective and timely communications to be sent to all audiences-stakeholders in clear language</u> that is understood and <u>timely-relevant</u></p> <p>Feedback from all audiences on the quality and language used in the communication sent.</p> <p><u>Feedback on the simplicity, relevance and impact of the communication sent.</u></p>	<p>Monitor enquiries from Stakeholders as to when following key events will take place and <u>communications.</u> (Reduced enquiries mean effective delivery).</p> <p>Surveys and polls on websites. Focus groups.</p> <p><u>Surveys and polls on websites. Focus groups.</u></p> <p><u>Submit all standard communications for plain English assessment with the aim of achieving Plain English accreditation.</u></p>

	<p>Feedback on the simplicity, relevance and impact of the communication sent.</p>	<p>Surveys and polls on websites. Focus groups.</p>
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Promote the Scheme as a valuable benefit	<p>Identify trends in opt outs. Communication to opt outs includes positive messaging and invites feedback.</p> <p>Positive feedback from all stakeholders</p> <p>All communications promote the scheme as a valuable benefit in a way that it understood by the audience</p>	<p>Monitor opt out rates and reasons, to identify trends.</p> <p>Surveys and polls on websites.</p> <p>Review scheme communications for effectiveness. Online rating of document usefulness.</p>
Seek and review regular feedback from all stakeholders about communication and shape future communications appropriately	The Communications Strategy is reviewed and adapted where appropriate, as a result of feedback from stakeholders	<p>Regular feedback is actively sought by the most appropriate media</p> <p>Processes are reviewed and adapted where appropriate to ensure the effective delivery of communication to all stakeholders</p>
Look for efficiencies in delivering communications through greater use of technology and partnership working	<p>Appropriate media is used for all stakeholders while balancing cost efficiency</p> <p>Reduction in costs on printing through larger print runs covering both authorities</p> <p>Reduction in postage costs</p> <p>All processes that support the</p>	<p>Compare previous communication costs (postage, print and design) with new costs and seek continual improvements.</p> <p>Year on year comparisons.</p> <p>Continual review of processes and communications.</p>

	<p>communication delivery are efficient</p> <p>More efficient communications through sharing of knowledge, resources and practice through regional communication working parties</p>	Year on year comparisons of cost and quality	
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Methods of Communication and Key Messages/Objectives for Stakeholders

The Funds aim to use the most appropriate method of communication when dealing with stakeholders. This may involve more than one communication method. We have recently obtained two new and improved ways of communicating with our stakeholders:

The Pensions Website

In 2012 the LGSS Pensions Service implemented a new website:

- <http://pensions.cambridgeshire.gov.uk>
- ~~<http://pensions.northamptonshire.gov.uk>~~
- <http://pensions.northamptonshire.gov.uk>

Both domain names lead to the same site, which has joint Fund branding ensuring the identity of each Fund is respected.

Whilst the Funds aim to use the most appropriate communication medium for the audience receiving the information we hope that our website will be the first port of call for all stakeholders where appropriate. ~~For the immediate future the Funds will continue to use paper based communications as our main means of communicating with our stakeholders, for example by sending letters and paper~~

~~copies of Newsletters and Annual Benefit Statements. However, we~~ **The Funds** are committed to using technology to enhance our service and reduce costs, where appropriate, and ~~will therefore continue to~~ have already switched to electronic communication as our primary means of contact for a number of stakeholders and will continue to explore and develop ~~the~~ further use of electronic communications through our website, emails, webinars and ~~Self Service.~~ self service.

Self Service

Member and Employer Self Service is an internet based application that allows the individual access to information held by the Pensions Service.

Employer Self Service has been implemented and employers are now able to update their member's records and carry out benefit calculations. This is now the primary method through which we accept updates to membership, from small and medium sized employers.

Access to Member Self Service has been offered to the active membership of each Fund. It gives the individual controlled access to their own details, allowing them to update their personal information and carry out benefit calculations.

One of the many benefits of self service for both scheme employers and scheme members is the increased communication and engagement it allows ~~whilst in its infancy now this is an avenue we will be exploring more thoroughly in the future.~~ Active members now receive their annual benefit statements through self service. This will be rolled out to deferred members from August 2017. Members are also encouraged to use self-service, in the first instance, to obtain estimates of their retirement benefits, unless they intend to retire in the next 12 months.

Table Showing our Methods of Communication and Key Message/Objective for Stakeholders

The table below shows the Funds main methods of communicating with the different stakeholder groups, other than the 'usual' day to day communications, plus the key messages and objectives we hope to achieve:

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Stakeholder	Communication	Key message/Objective
Active Scheme members	<p>Annual Newsletter (Electronic)</p> <p>Annual Benefit Statements (Electronic)</p> <p>Calculations and costings (e.g. estimates)</p> <p>'Short guide to LGPS'</p> <p>'Full guide to LGPS'</p> <p>Website (in particular 'Latest News' page)</p> <p>Member Self Service</p> <p>External training sessions as requested by employer</p> <p>Roadshows</p> <p>Direct Mailings</p>	<p>Key Messages:</p> <ul style="list-style-type: none"> • Your pension is a valuable benefit • You need to make sure you're saving enough for retirement <p>Objectives:</p> <ul style="list-style-type: none"> • To improve understanding of how the LGPS works • To inform scheme members of their rights and benefits • For queries and complaints to be reduced • To make pensions information more readily available
<u>Scheme employers</u>	<p>Quarterly Newsletters</p> <p>Pension Bulletins</p> <p>Ad hoc email alerts</p> <p>Biannual forums</p> <p>Website (in particular 'Latest News' page)</p> <p>Webinars/workshops</p>	<p><u>Key Messages:</u></p> <ul style="list-style-type: none"> • You need to be aware of your responsibilities regarding the LGPS • The Fund is a valuable benefit for scheme members and is a good tool for retention of staff <p><u>Objectives:</u></p>

	<u>Bespoke/targeted ad hoc training sessions</u> <u>Induction Packs</u> <u>Fact Sheets</u>	<ul style="list-style-type: none"> • <u>To increase understanding of how the Fund works and the effects on scheme members of any legislation changes</u> • <u>To improve relationships</u> • <u>Continue to improve the accuracy of data being provided to us</u> • <u>To make pensions information more readily available</u>
<u>Prospective Scheme members</u> <u>And Opt-Outs</u>	<u>Information on website</u> <u>Scheme Information Leaflets</u> <u>Promotional material distributed through employers</u>	<u>Key Messages:</u> <ul style="list-style-type: none"> • <u>The pension benefits are a valuable part of your reward package</u> • <u>The LGPS is still one of the best pension arrangements available</u> <u>Objectives:</u> <ul style="list-style-type: none"> • <u>To improve take up of the LGPS</u> • <u>To decrease opt out rate and increase understanding of contribution flexibility i.e. 50/50 option</u> • <u>To increase understanding of how the Scheme works and what benefits are provided</u> • <u>To make pensions information more readily available</u>
<u>Deferred Scheme members</u>	<u>Annual Benefit Statements (Electronic)</u> <u>Annual Newsletter (Electronic)</u> <u>Calculations and costings (e.g. estimates)</u> <u>Scheme Information Leaflets</u>	<u>Key Messages:</u> <ul style="list-style-type: none"> • <u>It is important to keep in touch with the LGSS Pensions Service e.g. provide us with address changes</u> • <u>The LGPS is still a valuable part of your retirement package</u> <u>Objective:</u>

	<u>Retirement Packs</u> <u>Website</u>	<ul style="list-style-type: none"> • <u>To improve understanding of how the LGPS works</u> • <u>To make pensions information more readily available</u>
<u>Retired/Dependant</u> <u>Scheme members</u>	<u>Annual Newsletter</u> <u>Payslips (when criteria is met)</u> <u>P60</u> <u>Lifetime Allowance</u> <u>Calculations and costings (e.g. estimates)</u>	<u>Key Messages:</u> <ul style="list-style-type: none"> • <u>It is important to keep in touch with the LGSS Pensions Service e.g. provide us with address changes</u> • <u>The LGPS is still a valuable part of your retirement package</u> <u>Objectives:</u> <ul style="list-style-type: none"> • <u>To improve understanding of how the LGPS works</u> • <u>To make pensions information more readily available</u>
<u>Fund staff</u>	<u>Monthly service meetings</u> <u>Team meetings</u> <u>Ad hoc meetings</u> <u>Consultations</u> <u>1:1 / Appraisals</u> <u>Training & Development</u>	<u>Objectives:</u> <ul style="list-style-type: none"> • <u>To ensure staff are kept up to date with important information regarding the Service, the Employing Authority and the wider world of pensions as a whole</u> • <u>For staff to feel a fully integrated member of the team</u> • <u>For management to feedback to staff regarding their individual progress</u> • <u>To give staff a chance to feedback their views and suggestions</u>
<u>Pension Fund</u> <u>Boards and</u> <u>Investment Sub</u> <u>Committees</u>	<u>Committee Papers</u> <u>Presentations</u> <u>Consultations</u> <u>Agendas</u>	<u>Objectives:</u> <ul style="list-style-type: none"> • <u>To update on the implementation of a policy</u> • <u>To monitor success against the agreed measures</u>

	<u>Minutes</u>	
<u>External authorities</u> <ul style="list-style-type: none"> • <u>Trade Unions</u> • <u>Her Majesty's Revenue & Customs (HMRC)</u> • <u>Department for Communities and Local Government (DCLG)</u> • <u>Pensions Regulator</u> • <u>Audit Commission</u> 	<u>Response to enquiries and consultations.</u> <u>Response to changes in legislation.</u>	<u>Objectives:</u> <ul style="list-style-type: none"> • <u>To response to enquiries/statutory requirements.</u>

Communication Timetable 2017/18

MONTH	ACTIVITY						
	<u>Active Scheme members</u>	<u>Scheme employers</u>	<u>Prospective Scheme members</u>	<u>Deferred Scheme members</u>	<u>Retired Scheme members</u>	<u>Dependant Scheme members</u>	<u>Fund staff</u>
<u>APR</u>		Spring Employers Forum Employer Training	Scheme Promotion Fact Sheet and Poster		Payslip	Payslip	Monthly service meeting
<u>MAY</u>	Fire Newsletter Promotion of 'Full guide to LGPS' Website (in particular 'Latest News' page) Member Self Service External training sessions as requested by employer	Quarterly Newsletter		<ul style="list-style-type: none"> To improve understanding of how the LGPS works To inform scheme members of their rights Member Self Service and benefits reminder about electronic ABS For queries 	Newsletter – All schemes		Monthly service meeting

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	<p>LGSS Welcome Events</p> <p>LGSS training events</p> <p>Readshows</p>			<p>and complaints to be reduced</p> <p>• To make pensions information more readily available</p>			
<u>JUN</u>		Employer Training					Monthly service meeting
<u>Jul</u>	Promotion of Member Self Service			Promotion of Member Self Service and reminder about electronic ABS			Monthly service meeting

<u>AUG</u>	Annual Benefit Statements - LGPS and Councillors Fire Annual Benefit Statements* Newsletter – All schemes			Annual Benefit Statements - LGPS Newsletter			Monthly service meeting
<u>SEPT</u>		Quarterly Newsletter Employer Training	Scheme Promotion Factsheet and Poster				Monthly service meeting
<u>OCT</u>	Member Survey		Member Survey	Member Survey	Member Survey	Member Survey	Monthly service meeting
<u>NOV</u>		Winter Employers Forum Employer Training					Monthly service meeting

<u>DEC</u>	<u>Annual reports & accounts</u>	<u>Annual reports & accounts</u> <u>Quarterly Newsletter</u>	<u>Annual reports & accounts</u>	<u>Annual reports & accounts</u>	<u>Annual reports & accounts</u>	<u>Annual reports & accounts</u>	<u>Annual reports & accounts</u> <u>Monthly service meeting</u>
<u>Jan</u>							<u>Monthly service meeting</u>
<u>Feb</u>		<u>Employer Training</u>	<u>Scheme Promotion Newsletter</u>				<u>Monthly service meeting</u>
<u>Mar</u>		<u>Quarterly Newsletter</u>			<u>Newsletter – All Schemes</u>		<u>Monthly service meeting</u>
<u>Scheme employer s-Ad hoc Comms</u>	<u>Website</u>	<u>Training Workshops.</u> Pension Bulletins <u>Ad hoc email alerts</u>	<u>Posters</u> <u>Website</u>	<u>Website</u>	<u>Website</u>	<u>Annual review of entitlement – May/June.</u> <u>Website Key Messages:</u> <u>You need to be aware of</u>	<u>Regional Pension Groups</u> <u>Website</u> <u>Pension Management Conference</u> <u>Pension Committee</u>

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		<p>Biannual forums</p> <p>Website (in particular 'Latest News' page)</p> <p>Seminars/workshops</p> <p>Bespoke ad hoc training sessions</p> <p>Welcome/Joiner information</p> <p><u>-Valuation Report (every 3 yrs)</u></p>				<p>your responsibilities regarding the LGPS</p> <ul style="list-style-type: none"> • The Fund is a valuable benefit for scheme members and is a good tool for retention of staff <p>Objectives:</p> <ul style="list-style-type: none"> • To increase understanding of how the Fund works and the effects on scheme members of any legislation changes • To improve relationships 	<p><u>Valuation Report (every 3 yrs)</u></p> <p><u>CLASS User Group/AGM</u></p>
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						<ul style="list-style-type: none"> • Continue to improve the accuracy of data being provided to us • To make pensions information more readily available 	
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Prospective Scheme members	Information on website	Key Messages:
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And Opt-Outs	Scheme Information Leaflets LGSS Welcome Event LGSS training events	<ul style="list-style-type: none"> • The pension benefits are a valuable part of your reward package • The LGPS is still one of the best pension arrangements available Objectives: <ul style="list-style-type: none"> • To improve take up of the LGPS • To decrease opt out rate and increase understanding of contribution flexibility i.e. 50/50 option • To increase understanding of how the Scheme works and what benefits are provided • To make pensions information more readily available
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Deferred Scheme members	<p>Annual Benefit Statements</p> <p>Calculations and costings (e.g. estimates)</p> <p>Scheme Information Leaflets</p> <p>Retirement Packs</p> <p>Website</p>	<p>Key Messages:</p> <ul style="list-style-type: none"> It is important to keep in touch with the LGSS Pensions Service e.g. provide us with address changes The LGPS is still a valuable part of your retirement package <p>Objective:</p> <ul style="list-style-type: none"> To improve understanding of how the LGPS works To make pensions information more readily available
Retired/Dependant	Annual Newsletter	Key Messages:
Scheme members	<p>Payslips (when criteria is met)</p> <p>P60</p> <p>Lifetime Allowance</p> <p>Calculations and costings (e.g. estimates)</p>	<ul style="list-style-type: none"> It is important to keep in touch with the LGSS Pensions Service e.g. provide us with address changes The LGPS is still a valuable part of your retirement package <p>Objectives:</p> <ul style="list-style-type: none"> To improve understanding of how the LGPS works To make pensions information more readily available

Fund staff	<p>Monthly service meetings</p> <p>Team meetings</p> <p>Ad hoc meetings</p> <p>Consultations</p> <p>1:1 / Appraisals</p> <p>Training & Development</p>	<p>Objectives:</p> <ul style="list-style-type: none"> • To ensure staff are kept up to date with important information regarding the Service, the Employing Authority and the wider world of pensions as a whole • For staff to feel a fully integrated member of the team • For management to feedback to staff regarding their individual progress • To give staff a chance to feedback their views and suggestions
Pension Fund Boards and Investment Sub Committees	<p>Committee Papers</p> <p>Presentations</p> <p>Consultations</p> <p>Agendas</p> <p>Minutes</p>	<p>Objectives:</p> <ul style="list-style-type: none"> • To update on the implementation of a policy • To monitor success against the agreed measures

External authorities <ul style="list-style-type: none"> Trade Unions Her Majesty's Revenue & Customs (HMRC) Department for Communities and Local Government (DCLG) Pensions Regulator Audit Commission 	Response to enquiries and consultations. Response to changes in legislation.	Objectives: <ul style="list-style-type: none"> To response to enquiries/statutory requirements.
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Communication Timetable

MONTH	ACTIVITY							
	Active Scheme members	Scheme employers	Prospective Scheme members	Opt-outs	Deferred Scheme members	Retired Scheme members	Dependant Scheme members	Fund staff

JAN								Monthly team meeting Service meeting
FEB								Monthly team meeting Service meeting
MAR						Newsletter incorporating Pensions Increase notification, plus pay dates and other relevant information to be sent out with payslip.	Newsletter incorporating Pensions Increase notification, plus pay dates and other relevant information to be sent out with payslip.	Monthly team meeting Service meeting
APR						Payslip	Payslip	Monthly team meeting
								Service meeting

MAY					Annual Benefit Statements—LGPS & Councillors	LTA% on payslip.	LTA% on payslip.	Monthly team meeting Service meeting
JUN	Fire Annual Benefit Statements*							Monthly team meeting Service meeting
JUL	Police Annual Benefit Statements*							Monthly team meeting Service meeting
AUG	Annual Benefit Statements—LGPS and Councillors							Monthly team meeting Service meeting
SEPT	Newsletters							Monthly team meeting Service meeting
OCT								Monthly team meeting Service meeting

NOV								Monthly team meeting Service meeting
DEC	Annual reports & accounts	Annual reports & accounts	Annual reports & accounts	Annual reports & accounts	Annual reports & accounts	Annual reports & accounts	Annual reports & accounts	Annual reports & accounts Monthly team meeting Service meeting
Ad hoc Comms	LGSS Training Days Website	Procedures training—road shows: Pension Bulletins Website Valuation Report (every 3-yrs)	LGSS Welcome Events Posters Website	Website	Website	Website	Annual review of entitlement— May/June. Website	Regional Pension Officer Groups Website Pension Managers Annual Conference Pension Committee Valuation Report (every 3-yrs) CLASS User Group/AGM

* Must be an active scheme member as at 31st March in the financial year that the statement relates.

3.3. Further information

If you have any enquiries in relation to this Communications Strategy please do not hesitate to contact us.

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**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

Date: 12 April 2017

Report by: Head of Pensions

Subject:	Review of Administration Strategy
Purpose of the Report	To present the Administration Strategy to the Pension Fund Board
Recommendations	The Pension Fund Board are asked to evaluate the revised Administration Strategy and suggest any improvements to ensure an effective and workable strategy.
Enquiries to:	Name – Mark Whitby – Head of Pensions Tel – 07990 556197 E-mail – mwhitby@northamptonshire.gov.uk

1. Background

- 1.1 The Local Government Pension Scheme Regulations 2013 provide that Administering Authorities may prepare, maintain and publish a written Statement setting out their policy concerning administration matters, and that the administering authority and its employing authorities must then have regard to that strategy when carrying out their functions.
- 1.2 The Cambridgeshire and Northamptonshire Pension Scheme have currently in place an Administration Strategy that has been jointly agreed by both Funds and is now scheduled for review. The current version of this Strategy also includes a Communication Strategy, which has already been agreed as a separate Strategy and therefore needs removing from the Administration Strategy.
- 1.3 Members of the Pension Fund Board are asked to review and provide comments on the latest draft of the before it is put before the Pensions Committee for formal approval.

2. Purpose of the Policy

- 2.1 The aim of the Administration Strategy is to set out clearly what is expected from the administering authorities and the Funds' employers, in order to deliver a high quality, value for money service to Scheme members.
- 2.2 Having a Strategy in place also enables an administering authority to recover additional costs from a scheme employer where, in its opinion, they are directly related to the poor performance of that scheme employer.

- 2.3 To date neither the Cambridgeshire Pension Fund or the Northamptonshire Pension Fund have used the powers set out in paragraph 2.2 as the existing measures in this area are difficult to implement in practice.

3. Review of Administration Strategy

- 3.1 Appendix 1 sets out the latest draft of the Administration Strategy for review by the Pension Fund Board. For ease of comparison with the currently published version, Appendix 2 provides a Microsoft Word comparison of the latest draft with the currently published Administration Strategy.
- 3.2 The Administration Strategy has had a significant number of updates, but these can be principally considered in the context of:
- Completely removing the Communication Strategy;
 - Minor Regulation updates;
 - Making the Strategy more concise and user friendly by removing unnecessary wording;
 - Streamlining the recovery of costs approach.

4. Next steps

- 4.1 Following recommendations from the Pension Fund Board, the Administration Strategy will be submitted to the Pension Committee for final approval. Officers are seeking to agree a Joint Strategy with both Pensions Committees and therefore will be taking forward the recommendations of both Pension Fund Boards.
- 4.2 Thereafter the Administration Strategy would be subject to a formal 30 day consultation with relevant stakeholders including scheme employers.

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>
Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. <i>Objective 8</i>
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. <i>Objective 10</i>

6. Finance & Resources Implications

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

7. Risk Implications

a) Risk(s) associated with the proposal

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

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

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

8. Communication Implications

Direct Communications	The Fund will publish the policy on its website for consultation following approval by the Pensions Committee
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9. Legal Implications

9.1 Not applicable

10. Consultation with Key Advisers

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

11. Alternative Options Considered

11.1 Not applicable

12. Background Papers

12.1 Not applicable

13. Appendices

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

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	N/A
Has this report been cleared by Head of Pensions?	Mark Whitby – 20 March 2017

CAMBRIDGESHIRE PENSION FUND & NORTHAMPTONSHIRE PENSION FUND

ADMINISTRATION STRATEGY



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1. Introduction

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

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

2. Administration Strategy

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

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

Regulatory framework

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

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

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

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

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

Key objectives

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

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

¹ Under section 70 of the Pensions Act 2004

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

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

Delivering the Objectives

Method of Delivery

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

Procedures for liaison and communication with employers and other stakeholders

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

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

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

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

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

Performance Standards

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

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

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

Methods may include:

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

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

Improving Administration

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

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

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

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

Circumstances where costs might be recovered

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

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

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

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

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

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

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

OR

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

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

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

Illustrative additional administration costs

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

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

Employer Scheme function		Illustrative charge
Administration process	Description	
Monthly contribution pay over	Late payment of employee, employer and additional pension contributions (APC/ARC/Added years) to the Fund by the 19 th of the month following deduction	£80 if no interest charge Additional £100 if interest charges need to be calculated Interest payable at prevailing rate if payment more than XX days late
	No schedule of payments sent and received by the Fund	£80
New active member	Scheme employer has not notified the Fund within 10 working days of the relevant calendar month end	£50 per notification A further £30 for each month the notification is outstanding

Leavers (non-retirement)	<p>Scheme employer has not notified the Fund of any leaver.</p> <p>The late or non-provision of a leaver form.</p> <p>Poor data detailed on the form, in particular inaccurate pay details.</p>	<p>£50 per notification</p> <p>A further £30 for each month the notification is outstanding</p>
Retirement	<p>Scheme employer has not notified LGSS that a member is due to retire within 10 working days before date of leaving.</p> <p>Non-provision of retirement form, poor data detailed on the form – particularly inaccurate pay details.</p>	<p>£160 per notification</p> <p>A further £80 for each month the notification remains outstanding</p> <p>These higher rates reflect the fact the retiree will be chasing LGSS Pensions for their pension</p>
Year End data	<p>Scheme employer has not provided year end data by the 30th April and/or quality of data provided is poor and requires LGSS manual intervention and additional data cleansing.</p>	<p>£400 per data file</p> <p>A further £200 per month the data is outstanding</p>
Year End data queries	<p>Scheme employer has not responded to LGSS queries regarding submitted year end data within 10 working days of this request or the response has been unsatisfactory and queries remain outstanding</p>	<p>£100 per omission</p> <p>A further £60 per month of non-response or unsatisfactory replies</p>

Further information

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

LGSS Pensions

One Angel Square

Northampton

Postcode

pensions@northamptonshire.gov.uk

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

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



3. Appendix A – Whole Fund Administration Performance Standards

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

Function / Task	Indicator	Target
Notify leavers of deferred benefit entitlements	Deferred award letter sent within 40 working days of last day of employment.	90%
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%

Appendix B –Employer Performance Standards

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

Function/Task	Indicator	Target
Confirm nominated representatives	Representative confirmed within 30 working days of employer joining fund or change to nominated representative	100%
Arrange for the correct deduction of employee and employer contributions and pay over in a timely manner for both monthly and annual returns.	Number of months in the year where contributions were in the Pension Fund by the 19 th calendar day of month after deduction	100%
Upon receipt of a notification from an Additional Voluntary Contribution (AVC) provider of an	Within 1 month of receipt of notification	100%

Function/Task	Indicator	Target
employee's election to pay, vary the amount or cease AVCs (or Shared Cost AVCs where applicable), to apply the notification accordingly and where applicable deduct from a member's pay the contributions as instructed by the AVC provider.	from the AVC provider	
Pay over to the specified AVC provider contributions deducted from a member's pay.	Within 7 days of deduction from pay	100%
Upon receipt of a notification from LGSS Pensions of an employee's election to pay Additional Regular Contributions, to apply the notification accordingly and where applicable deduct from a member's pay and pay over to LGSS Pensions, the contributions as instructed by LGSS Pensions.	Within 1 month of notification from LGSS Pensions	100%
Respond to enquiries from LGSS Pensions in respect of retirements, estimates or any other query identified as urgent.	Response received within 5 working days from receipt of enquiry.	100%
Respond to enquires from the LGSS Pensions in respect of those queries deemed as non urgent	Response received within 10 working days from receipt of enquiry.	95%
Provide new employees with scheme information	Within the automatic enrolment joining window.	100%
Determine appropriate rate of employee contributions for new scheme members in the LGPS	Decisions made by time of first salary payment.	100%
Provide LGSS Pensions with all necessary information regarding new starters and hours/weeks per year variations.	Within 10 working days of the relevant calendar month end	95%
Determine reason for leaving and Final pay, issue entitlement award to member and leavers certificate to LGSS Pensions for leavers NOT	Certificate received within 15 working days of date of leaving	95%

Function/Task	Indicator	Target
entitled to immediate payment of pension.		
Determine reason for leaving and Final pay, issue entitlement award and retirement pack to member and leavers certificate to LGSS Pensions for retirees entitled to immediate payment of pension.	Certificate received at least 10 working days <u>before</u> date of leaving.	95%
Provide LGSS Pensions with accurate year end information in prescribed format	Information to be provided for all members by 30 April following contribution year end	100%
Must have published Employer Discretions, accessible by all employees and copy provided to LGSS Pensions.	Discretions published and provided to LGSS Pensions within 30 days of approval	100%
Discretions must be reviewed and amended as necessary	Any amendments to discretion must be confirmed in writing within 30 days from change	100%

Appendix C – LGSS Pensions Performance Standards

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

Function / Task	Indicator	March 2013 Target	Target Achievement
LIAISON AND COMMUNICATION			
Confirm nominated employer liaison officer	10 working days of employer joining fund or change to nominated officer	100%	

Function / Task	Indicator	March 2013 Target	Target Achievement
Publish and keep under review the administration strategy.	Within three months of decision to develop an administration strategy or one month of any changes being agreed with scheme employers	100%	
Keep up to date the employer website, including procedural guides, scheme guide and all other documents and forms	20 working days from date of change/amendment	100%	
Formulate and publish policies in relation to all areas where the Administering Authority may exercise a discretion within the scheme	Within 30 working days of policy being agreed by the Pensions Committee	100%	
Organise bespoke training sessions for Scheme employers, subject to fair use of training resource	Training date agreed with employer within one month of request	100%	
Notify the employer and scheme members of changes to the scheme rules	Within one month of LGSS Pensions being informed of the change	95%	
Notify the employer of any issues relating to it's poor performance (including arranging meeting if required)	Within 20 working days of performance issue becoming apparent	90%	
Notify the employer of decisions to recover additional costs associated with their poor performance (including any interest that may be due)	Within 10 working days of the decision of the Pensions Committee	100%	
Issue annual benefit statements to active members as at 31 March each year	By the following 30 September(pending timely receipt of satisfactory year end data from the scheme employer)	100%	
Issue annual benefit statements to deferred benefit members as at 31 March each year for those which we have an up to date address	By the following 30 June	100%	
FUND ADMINISTRATION			

Function / Task	Indicator	March 2013 Target	Target Achievement
Issue formal valuation results (including individual employer details)	20 working days from receipt of results from Fund Actuary (but in any event no later than 31 March following the valuation date)	100%	
Carry out cessation valuation exercise on cessation of admission agreements or employer ceasing participation in the Pension Fund	Initiated within 40 days with Fund Actuary plus results issued to employer within 2 months of clean data	100%	
Publish, and keep under review, the Administering Authority's governance policy statement	Within 30 working days of policy being agreed by the Pensions Committee	100%	
Publish and keep under review the Pension Fund's funding strategy statement	To be reviewed at each triennial valuation, following consultation with scheme employers and the Fund's Actuary. Revised statement to be issued with the final valuation report	100%	
Publish the Pension Fund annual report and any report from the auditor	By 31 August following the year end	100%	
Provide an FRS17/IAS19 report to employers for their chosen accounting date	Within one month of the accounting date providing employer has agreed to costs and returned required data to LGSS Pensions by 1 st of the month in which the accounting date falls	100%	
SCHEME ADMINISTRATION			
Provide transfer-in quote to scheme member	Letter issued within 10 working days of receipt of all appropriate information	95%	

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

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

Cambridgeshire **Northamptonshire**
Pension Fund Pension Fund

Cambridgeshire **Northamptonshire**
Pension Fund Pension Fund

CAMBRIDGESHIRE PENSION FUND &
NORTHAMPTONSHIRE PENSION FUND



ADMINISTRATION STRATEGY &
~~COMMUNICATION STRATEGY~~





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1. Introduction

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

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

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

2. Administration Strategy

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

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

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

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

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

This Administration Strategy is effective from ~~the 4th April 2013.~~[Insert Date]. It will be reviewed annually to ensure the strategic objectives remain relevant.

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

Regulatory framework

This Statement has been produced in accordance with Regulation ~~6559~~ of the Local Government Pension Scheme (~~Administration~~) Regulations ~~2008~~2013. The Regulations provide that Administering Authorities may prepare, maintain and publish a written Statement setting out their policy concerning administration matters, and ~~that~~ the administering authority and its employing authorities must then have regard to that strategy when carrying out their functions.

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

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

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

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

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

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

Current Trends

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

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

¹ Under section 70 of the Pensions Act 2004

~~* Scheme employers outsourcing activity in a variety of ways which requires a considerable amount of employer liaison and also impacts the number of people available to be members of the LGPS.~~

~~* Changes to scheme membership which will accelerate the maturity point of the LGPS (the point where annual expenditure exceeds annual income).~~

* Increasing awareness of the value of the LGPS among the membership and the consequent demands for relevant information law.

Key objectives

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

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

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

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

Delivering the Objectives

Method of Delivery

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

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

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

Procedures for liaison and communication with employers and other stakeholders

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

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

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

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

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

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

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

Performance Standards

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

Quality

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

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

Timeliness

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

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

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

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

Methods may include:

Internal/External Audit

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

Performance monitoring

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

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

The Fund's Employer liaison

Employer liaison function will take place as follows:

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

•• ~~An~~ Employer Pension ~~Forums~~Forum will be held, at least on an annual basis.

•• ~~The administering authority will ensure an employer liaison helpdesk~~A Employer Helpdesk is available from ~~9 am~~9am to ~~5 pm~~5pm during normal working days to answer ~~one-off queries~~ by telephone or ~~Email~~. ~~The helpdesk may be available outside these hours.~~email.

Improving Administration

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

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

Regulation ~~43~~70 of the Local Government Pension Scheme ~~(Administration)~~Regulations 20072013 provides that an administering authority may recover from an employing authority any additional costs associated with the administration of the scheme incurred as a result of the poor level of performance of that employing authority. Where an administering authority wishes to recover any such additional costs they must give written notice stating:-

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

Circumstances where costs might be recovered

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

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

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

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

The circumstances where this might be necessary are:

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

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

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

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

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

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

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

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

Clearly **OR**

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

- 3. An invoice will then be issued to the scheme employer which sets out calculations of any loss resulting to the Fund or administering authority, or additional cost, taking account of time and resources in resolving the specific area(s) of poorunsatisfactory performance, including any fines levied against the administering authority by the Pension Regulator, Pensions Ombudsman or other regulatory body resulting from the employer's poor performance; and in accordance with the fee scale set out in this document.
- Make claim against the scheme employer, setting out reasons for doing so, in accordance with the Regulations.

3. Communications Strategy

This Communications Strategy is effective from 1 August 2011. It 4. All instances of additional costs recharges will be reviewed annuallypresented to ensure the strategic objectives remain relevant.

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

Regulatory framework

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

- Prepare, maintain and publish a written Statement setting out their policy concerning communications with: o members

~~○ representatives of members ○ prospective members ○ employing authorities~~

~~▲ Set out our policy on:~~

~~○ the provision of information and publicity about the Scheme to members, representatives of members and employing authorities~~

~~the format, frequency and method of distributing~~ **Illustrative additional administration costs**

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

~~○ As such information or publicity~~

~~○ the promotion of the Scheme to prospective members and their Employing Authorities.~~

~~▲ Keep the Statement under review and make such revisions as the fees shown below are appropriate following a material change in the policy on any of the matters mentioned below and illustrative and may be higher (or lower) if revisions are made, publish a revised statement.~~

Key objectives

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

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

Stakeholders of the fund

There 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
- ▲ External bodies
 - Trades Unions
 - Her Majesty's Revenue & Customs (HMRC)
 - Department for Communities and Local Government (DCLG)
 - National Fraud Initiative

Confidentiality

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

Disclosure

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

Equality

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

Freedom of information

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

4.

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

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

	<u>this request or the response has been unsatisfactory and queries remain outstanding</u>	
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Further information

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

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

01223 715445	01604 236527
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pensions@cambridgeshire.gov.uk	pensions@northamptonshire.gov.uk
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http://pensions.cambridgeshire.gov.uk	http://pensions.northamptonshire.gov.uk
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[LGSS Pensions](#)

[One Angel Square](#)

[Northampton](#)

[Postcode](#)

pensions@northamptonshire.gov.uk

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

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

3. Appendix A – Whole Fund Administration Performance Standards

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

Function / Task	Indicator	March 2013 Target	Target Achievement
Notify leavers of deferred benefit entitlements	Deferred award letter sent within 40 working days of last day of employment.	90%	
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%	

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Appendix B –Employer Performance Standards

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

Function/Task	Indicator	Target
Confirm nominated representatives	Representative confirmed within 30 working days of employer joining fund or change to nominated representative	100%

Function/Task	Indicator	Target
Arrange for the correct deduction of employee and employer contributions and pay contributions to Pension Fund <u>OVER</u> in a timely manner, providing an associated <u>for both</u> monthly statement/schedule in a format acceptable to the Administering Authority and annual returns.	Number of months in the year where contributions were in the Pension Fund by the 19 th calendar day of month after deduction and statement/schedule was received by the same date as payment	100%
<u>Upon receipt of a notification from an Additional Voluntary Contribution (AVC) provider of an employee's election to pay, vary the amount or cease AVCs (or Shared Cost AVCs where applicable), to apply the notification accordingly and where applicable deduct from a member's pay the contributions as instructed by the AVC provider.</u>	<u>Within 1 month of receipt of notification from the AVC provider</u>	<u>100%</u>
<u>Pay over to the specified AVC provider contributions deducted from a member's pay.</u>	<u>Within 7 days of deduction from pay</u>	<u>100%</u>
<u>Upon receipt of a notification from LGSS Pensions of an employee's election to pay Additional Regular Contributions, to apply the notification accordingly and where applicable deduct from a member's pay and pay over to LGSS Pensions, the contributions as instructed by LGSS Pensions.</u>	<u>Within 1 month of notification from LGSS Pensions</u>	<u>100%</u>
<u>Respond to enquiries from LGSS Pensions in respect of retirements, estimates or any other query identified as urgent.</u>	<u>Response received within 5 working days from receipt of enquiry.</u>	<u>100%</u>
<u>Respond to enquires from the LGSS Pensions in respect of those queries deemed as non urgent</u>	<u>Response received within 10 working days from receipt of enquiry.</u>	<u>95%</u>

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

Function/Task	Indicator	Target
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Upon receipt of a notification from an Additional Voluntary Contribution (AVC) provider of an employee's election to pay, vary the amount or cease AVCs (or Shared Cost AVCs where applicable), to apply the notification accordingly and where applicable deduct from a member's pay the contributions as instructed by the AVC provider.	Within 1 month of receipt of notification from the AVC provider	100%
Pay over to the specified AVC provider contributions deducted from a member's pay.	Within 7 days of deduction from pay	100%
Upon receipt of a notification from the LGSS Pensions Service of an employee's election to pay Additional Regular Contributions, to apply the notification accordingly and where applicable deduct from a member's pay and pay over to the LGSS Pensions Service, the contributions as instructed by LGSS Pensions Service.	Within 1 month of notification from LGSS Pensions Service	100%
Provide LGSS Pension Service with accurate year end information in prescribed format	Accurate year end information to be provided for all Scheme members by 30 April following contribution year end	100%
Respond to enquiries from LGSS Pensions Service in respect of retirements, estimates or any other query identified as urgent.	Response received within 5 working days from receipt of enquiry.	100%
Respond to enquires from the LGSS Pensions Service in respect of those queries deemed as non urgent	Response received within 10 working days from receipt of enquiry.	95%
Provide new employees with scheme information	Within the automatic enrolment joining window.	100%

Function/Task	Indicator	Target
Determine appropriate rate of employee contributions for new scheme members in the LGPS	Decisions made by time of first salary payment.	100%
Provide LGSS Pensions Service with all necessary information regarding new starters and hours/weeks per year variations in a format acceptable to Administering Authority	Accurate information provided within 10 working days of the relevant calendar month end or within 30 days of commencement/change if earlier where employer automatic enrolment duties apply	95%
Determine reason for leaving and Final pay, issue entitlement award to member and leavers certificate to LGSS Pensions Services for leavers NOT entitled to immediate payment of pension.	Certificate received within 15 working days of date of leaving	95%
Determine reason for leaving and Final pay, issue entitlement award and retirement pack to member and leavers certificate to LGSS Pensions Service for retirees entitled to immediate payment of pension.	Certificate received at least 10 working days <u>before</u> date of leaving.	95%
Must have published Employer Discretions, accessible by all employees and copy provided to LGSS Pensions Service.	Discretions published and provided to LGSS Pensions Service within 30 days of approval	100%
Discretions must be reviewed and amended as necessary	Any amendments to discretion must be confirmed in writing within 30 days from change	100%

Appendix C – LGSS Pensions ~~Service~~ Performance Standards

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

Function / Task	Indicator	March 2013 Target	Target Achievement
LIAISON AND COMMUNICATION			
Confirm nominated employer liaison officer	10 working days of employer joining fund or change to nominated officer	100%	
Publish and keep under review the administration strategy.	Within three months of decision to develop an administration strategy OR One month of any changes being agreed with scheme employers	100%	
Keep up to date the employer website, including procedural guides, scheme guide and all other documents and forms	20 working days from date of change/amendment	100%	
Formulate and publish policies in relation to all areas where the Administering Authority may exercise a discretion within the scheme	Within 30 working days of policy being agreed by the Pension Fund Board-Pensions Committee	100%	
Organise bespoke training sessions for Scheme employers, subject to fair use of training resource	Training date agreed with employer within one month of request	100%	
Notify the employer and scheme members of changes to the scheme rules	Within one month of the LGSS Pensions Services being informed of the change	95%	
Notify the employer of any issues relating to it's poor performance (including arranging meeting if required)	Within 20 working days of performance issue becoming apparent	90%	

Function / Task	Indicator	March 2013 Target	Target Achievement
Notify the employer of decisions to recover additional costs associated with their poor performance (including any interest that may be due)	Within 10 working days of the decision of the <u>Pension Fund Board Pensions Committee</u>	100%	
<u>Issue annual benefit statements to active members as at 31 March each year</u>	<u>By the following 30 September (pending timely receipt of satisfactory year end data from the scheme employer)</u>	<u>100%</u>	
<u>Issue annual benefit statements to deferred benefit members as at 31 March each year for those which we have an up to date address</u>	<u>By the following 30 June</u>	<u>100%</u>	
FUND ADMINISTRATION			
<u>Issue formal valuation results (including individual employer details)</u>	<u>20 working days from receipt of results from Fund Actuary (but in any event no later than 31 March following the valuation date)</u>	<u>100%</u>	
<u>Carry out cessation valuation exercise on cessation of admission agreements or employer ceasing participation in the Pension Fund</u>	<u>Initiated within 40 days with Fund Actuary plus results issued to employer within 2 months of clean data</u>	<u>100%</u>	
<u>Publish, and keep under review, the Administering Authority's governance policy statement</u>	<u>Within 30 working days of policy being agreed by the Pensions Committee</u>	<u>100%</u>	
<u>Publish and keep under review the Pension Fund's funding strategy statement</u>	<u>To be reviewed at each triennial valuation, following consultation with scheme employers and the Fund's Actuary. Revised statement to be issued with the final valuation report</u>	<u>100%</u>	
<u>Publish the Pension Fund annual report and any report from the auditor</u>	<u>By 31 August following the year end</u>	<u>100%</u>	

Function / Task	Indicator	March 2013 Target	Target Achievement
<u>Provide an FRS17/IAS19 report to employers for their chosen accounting date</u>	<u>Within one month of the accounting date providing employer has agreed to costs and returned required data to LGSS Pensions by 1st of the month in which the accounting date falls</u>	<u>100%</u>	
SCHEME ADMINISTRATION			
<u>Provide transfer-in quote to scheme member</u>	<u>Letter issued within 10 working days of receipt of all appropriate information</u>	<u>95%</u>	
<u>Confirm transfer-in payment and service credited to scheme member</u>	<u>Letter issued within 10 working days of receipt of transfer payment by Pension Fund (or receipt of all information needed to complete calculations if later)</u>	<u>90%</u>	
<u>Notify the employer of scheme member's election to pay or cease paying additional regular contributions and other contracts, including all required information to enable deductions to commence or finish.</u>	<u>Email sent within 5 working days of receipt of election from scheme member</u>	<u>95%</u>	
<u>Calculate cost of additional regular contributions, and notify scheme member</u>	<u>Letter sent within 10 working days of receipt of request from scheme member</u>	<u>90%</u>	
<u>Provide requested estimates of benefits to employers including any additional fund costs in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency</u>	<u>Estimate in agreed format provided within 10 working days from receipt of all information</u>	<u>90%</u>	
<u>Provide a maximum of one estimate of benefits to employees per year on request.</u>	<u>Estimate in agreed format provided within 10 working days from receipt of all information</u>	<u>90%</u>	

Function / Task	Indicator	March 2013 Target	Target Achievement
<u>Provide a maximum of one cash equivalent transfer value (CETV) to employees per year on request</u>	<u>Provided within 10 working days from receipt of all information</u>	<u>90%</u>	
<u>Provide a divorce quotation to employees on request</u>	<u>Provided within 10 working days from receipt of all information</u>	<u>90%</u>	
<u>Notify leavers of deferred benefit entitlements or concurrent amalgamation.</u>	<u>Notification issued within 15 working days of receiving all necessary information.</u>	<u>90%</u>	
<u>Notify employees retiring from active membership of benefits award.</u>	<u>Issue award within 5 working days after payable date or date of receiving all necessary information if later.</u>	<u>95%</u>	
<u>Payment of ongoing pension (not including the first pension payment).</u>	<u>Eligible payments made on the publicised payment date.</u>	<u>100%</u>	
<u>Acknowledge death of active/deferred/pensioner member.</u>	<u>Letter issued within 5 working days following notification of death</u>	<u>100%</u>	
<u>Award dependent benefits.</u>	<u>Issue award within 5 working days of receiving all necessary information.</u>	<u>95%</u>	
<u>Provide responses to other enquiries from scheme members, scheme employers, personal representatives, dependents and other authorised persons</u>	<u>Full response within 5 working days from receipt of all information needed to respond to enquiry</u>	<u>90%</u>	
<u>Where a full response will not be available within the published service standards send an acknowledgement and provide the expected timescale.</u>	<u>Acknowledgement within 5 working days from receipt of initial enquiry</u>	<u>100%</u>	
<u>Appoint stage 2 "appointed person" for the purposes of the pension dispute process and notify all scheme employers of the appointment</u>	<u>Within 30 working days following the resignation of the current "appointed person"</u>	<u>100%</u>	

Function / Task	Indicator	March 2013 Target	Target Achievement
<u>Process all stage 2 pension dispute applications</u>	<u>Within two months of receipt of the application, or such longer time as is required to process the application where further information or clarification is required.</u>	<u>100%</u>	
<u>Publish and keep under review the Pension Fund policy on the abatement of pension on re-employment</u>	<u>Notify scheme members and scheme employers within one month of any changes or revisions to the policy</u>	<u>100%</u>	

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

Publish, and keep under review, the Administering Authority's governance policy statement	Within 30 working days of policy being agreed by the relevant Pension Fund Board	100%	
Publish and keep under review the Pension Fund's funding strategy statement	To be reviewed at each triennial valuation, following consultation with scheme employers and the Fund's Actuary. Revised statement to be issued with the final valuation report	100%	
Publish the Pension Fund annual report and any report from the auditor	By 31 August following the year end	100%	

Function / Task	Indicator	March 2013 Target	Target Achievement
Provide an FR517/IAS19 report to employers for their chosen accounting date	Within one month of the 31 March, 31 July or 31 August accounting date, providing employer has returned required data to LGSS Pensions Service by the 1 st of the month in which the accounting date falls	100%	
SCHEME ADMINISTRATION			
Provide transfer in quote to scheme member	Letter issued within 10 working days of receipt of all appropriate information	95%	
Confirm transfer in payment and service credited to scheme member	Letter issued within 10 working days of receipt of transfer payment by Pension Fund (or receipt of all information needed to complete calculations if later)	90%	

Notify the employer of scheme member's election to pay or cease paying additional regular contributions and other contracts, including all required information to enable deductions to commence or finish.	Email sent within 5 working days of receipt of election from scheme member	95%	
Calculate cost of additional regular contributions, and notify scheme member	Letter sent within 10 working days of receipt of request from scheme member	90%	
Provide requested estimates of benefits to employers including any additional fund costs in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency	Estimate in agreed format provided within 10 working days from receipt of all information	90%	

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

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

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

Date: 12 April 2017

Report by: Head of Pensions

Subject:	Agenda items from the March 2017 Pension Committee meeting
Purpose of the Report	To provide the Pension Fund Board with an executive summary of specific agenda items discussed at the March Pension Committee meeting.
Recommendations	That the Pension Fund Board note the contents of this report.
Enquiries to:	Joanne Walton – LGSS Pensions Governance and Regulations Manager Tel – 01604 367030 E-mail – jwalton@northamptonshire.gov.uk

1. Background

1.1 This report is an executive summary of the items discussed at the March 2017 meeting of the Pension Committee which are not addressed through other reports to the Pension Fund Board at this meeting.

1.2 The agenda items which are covered in this report are:

- Governance and Legislation Reports
- Employer Admissions and Cessations Report

1.3 The full reports can be found at the link detailed in section 11 of this report.

2. Governance and Legislation Report

2.1 The following sections summarise the information relating to the Governance and Legislation Report.

2.2 The Pensions Regulator - Quick guide to record keeping

- 2.2.1 The Pensions Regulator (TPR) has published a short guide on record keeping for trustees and managers of occupational pension schemes and public service pension schemes.
- 2.2.2 The guide follows a survey that TPR undertook on record keeping within occupational schemes in early 2016 which showed that there has been little recent improvement in record keeping standards.
- 2.2.3 In future, TPR will be asking trustees and scheme managers to report on their record keeping work in TPR's annual scheme return.

The guide can be found - <http://www.thepensionsregulator.gov.uk/press/pn16-53.aspx>

- 2.2.4 LGSS Pensions will be producing a Record Keeping policy that will be presented to the Pension Fund Board in October for comments and to the Pension Committee in December 2017 for approval.

2.3 Scheme Advisory Board

- 2.3.1 The Scheme Advisory Board's deficits working group met on 8 November 2016 to consider a work plan for the coming months.
- 2.3.2 The working group considered the management of deficits in three employer groups
 - Tier 1 - Tax payer backed employers – Local authority and related companies plus admitted bodies with pass through arrangements or local authority guarantees
 - Tier 2 - Academies and Multi Academy Trusts with the benefit of a DfE guarantee.
 - Tier 3 Private or public sector employers with no central or local authority guarantee– including admission and scheduled bodies without local authority guarantees, or 'pass through' funding and Higher and Further Education establishments.
- 2.3.3 A meeting was held on 7 March 2017 where representatives from various LGPS funds met to discuss how best to collate information on the tier 3 employers from all 89 individual LGPS funds. A LGSS Pensions Officer represented Cambridgeshire Pension Fund at this meeting.
- 2.3.4 Further information can be found - <http://www.lgpsboard.org/index.php/sub-comms/deficits-working-group>

2.4 Election for non-local authority employers' representative

- 2.4.1 On 1 April 2017 the Pension Committee 's non-local authority employers' representative is due for re-election, following the retirement of Tim Woods whose position has been temporarily filled by the elected substitute, Gareth Deeble. As such, a democratic selection process, as approved by the Chairman of the Pension Committee and Cambridgeshire County Council's Monitoring Officer, is currently in progress to elect the new representative.
- 2.4.2 The successful candidate will be eligible to attend the next Pension Committee meeting on 29 June 2017 and the candidate who attains second position in the ballot will automatically become the substitute for the post.

2.5 Consultation on indexation and equalisation of GMP in public service pension schemes

- 2.5.1 On 28 November 2016, HM Treasury commenced a consultation that proposes options for the indexation and equalisation of Guaranteed Minimum Pension (GMP) elements for members of public service pension schemes who will reach state pension age on and after 6 December 2018. The consultation concluded on 20 February 2017.
- 2.5.2 On 6 April 2016 the government introduced the new State Pension, designed to radically simplify pension provision whilst ensuring that pensioners have security in retirement. This simplification removed layers of complexity from the system, harmonised the rate of National Insurance contributions paid by employees and employers and was intended to promote private saving by giving people a better understanding of the amount of support they can expect to receive from the State when they reach state pension age.
- 2.5.3 Among the layers of complexity that has been removed is the additional state pension, an earnings related element of the old state system.
- 2.5.4 The removal of the additional state pension has led to the need to consider how public service pension payments for a specific group of members should be increased in the future. Those who were in 'contracted-out' employment during the period 6 April 1978 to 5 April 1997 (inclusive) who accrued a guaranteed minimum pension (GMP) from their public service pension scheme and who will reach state pension age after 5 December 2018 will be affected.
- 2.5.5 The consultation aims to consider two issues by putting forward a number of solutions. The two issues that are considered are:
- How best to avoid the unequal payments to men and women in public service schemes that result from the abolition of the additional state pension; and

- Whether, following the introduction of the new State Pension, public service pension schemes should, for someone who reaches SPA after 5 December 2018, provide full indexation on any GMP the public service pension scheme pays?

2.5.6 The solutions are detailed in appendix 1.

2.5.7 The consultation document can be found at the following link;

<https://www.gov.uk/government/consultations/indexation-and-equalisation-of-gmp-in-public-service-pension-schemes/consultation-on-indexation-and-equalisation-of-gmp-in-public-service-pension-schemes>

2.6 Pensions Dashboard

2.6.1 In the 2016 Budget the Government announced that it intended to ensure that the pensions industry would, by April 2019, design, fund and launch a 'pensions dashboard' a tool that would allow individuals to view all their pensions savings in one place.

2.6.2 The Treasury have since appointed the Association of British Insurers (ABI) to lead the development of a prototype pensions dashboard by the end of Spring 2017.

2.6.3 In December, the LGPC Secretariat attended a 'challenge session' hosted by HM Treasury and the ABI for defined benefit pension schemes on the dashboard. During this session the following points were noted:

- The dashboard will include details of individual's occupational pensions as well as their state pension entitlement.
- No decisions have been made on the level of details that individuals will be able to access on their pensions.
- Public service pensions are out of scope for the development of the prototype, but it is intended that public service pensions data will be included in the dashboard when it launches in 2019.
- The dashboard will only include information on pensions that aren't already in payment.
- The government's preference is that the pensions industry participate in the dashboard on a voluntary basis, but they will reserve the right to legislate if needed.
- No decisions have been made on whether the Government will provide funding to public service pension schemes to cover the dashboard's implementation costs.

<https://www.gov.uk/government/collections/local-government-pension-scheme>

3. Employer Admissions and Cessations Report

3.1 New Scheduled Bodies

- 3.1.1 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.
- 3.1.2 The LGPS Regulations recognise the proprietor of the Academy 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	New Academy/Trust
01/10/2015	Tri-Borough Alternative Provision

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

3.2 New Admission Bodies

- 3.2.1 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.
- 3.2.2 A body which falls under paragraph 1(d)(i) of Part 3 of Schedule 2 is an admission body that is providing a service or assets in connection with the exercise of a function of a scheme employer, as a result of a transfer of the service or assets by means of a contract or other arrangement. Though the Regulations effectively provide discretion on the administering authority as to which bodies become paragraph 1(d)(i) admission bodies, guidance by the Department of Communities and Local Government in December 2009 states *“The administering authority cannot decline to admit a contractor if the contractor and the letting authority agree to meet the relevant requirements of the LGPS regulations.”*
- 3.2.3 The Pension Committee was asked to note that the following have become new admission bodies in the Cambridgeshire Pension Fund under paragraph 1(d)(i)

Date	New Admission Body	Background information
01/07/2016	Cambridge Rape Crisis Centre (CRCC)	Cambridgeshire County Council has outsourced its enhanced and preventive domestic abuse services to Cambridge Rape Crisis Centre. This body is admitted as a pass through admission meaning Cambridgeshire County Council remains responsible for the pension liabilities in the long term.
05/01/2017	Lunchtime UK Ltd (Fulbourn Primary School)	Cambridgeshire County Council has outsourced its catering services for Fulbourn Primary School to Lunchtime UK Ltd and has transferred the catering staff to Lunchtime UK under TUPE regulations. This body is admitted as a pass through admission meaning Cambridgeshire County Council remains responsible for the pension liabilities in the long term
01/09/2016	Lunchtime UK Ltd (Abbey Meadows Primary School)	Cambridgeshire County Council has outsourced its catering services for Abbey Meadows Primary School to Lunchtime UK Ltd and have transferred the catering staff to Lunchtime UK under TUPE regulations. This body is admitted as a pass through admission meaning Cambridgeshire County Council remains responsible for the pension liabilities in the long term
22/10/2016	Lunchtime UK Ltd (Ditton Lodge Community Primary School)	Cambridgeshire County Council has outsourced its catering services for Ditton Lodge Community Primary School to Lunchtime UK Ltd and have transferred their catering staff to Lunchtime UK under TUPE regulations. This body is admitted as a pass through admission, meaning Cambridgeshire County Council remains responsible for the pension liabilities in the long term.

3.3 Cessations

- 3.3.1 Taylor Shaw Ltd (Waterfall Catering Group) were admitted to the fund under a full admission agreement on 1 September 2008, after entering into a contract to provide catering services at St Peters School, Cambridge. This resulted in a transfer of staff from Cambridgeshire County Council, to Taylor Shaw Ltd, under TUPE regulations.
- 3.3.2 The admission agreement has now ceased following the natural termination of the contract on 31 December 2015. All employee and employer pension contributions owing to the Fund have been paid and the calculation of any potential deficit owing to the Cambridgeshire Pension Fund is currently being assessed.
- 3.3.3 Thorokleen were admitted to the Fund under a pass through admission agreement on 1 May 2012, after entering a contract to provide cleaning services of Peterborough Culture and Leisure Trust (Vivacity), which resulted in a transfer of staff from Vivacity to Thorokleen.
- 3.3.4 The admission agreement has now ceased following the natural termination of the contract on the 31 August 2016. All employee and employer pension contributions owing to the Fund have been paid. As a pass through admission, all liabilities have passed back to Peterborough Culture and Leisure Trust, as the ceding employer therefore no cessation payment is required.
- 3.3.5 Lunchtime UK Ltd (Thorndown) were admitted to the fund under a pass through admission agreement on 1 September 2015, after entering a contract to provide catering services at Thorndown Primary School, which resulted in a transfer of staff from Cambridgeshire County Council to Lunchtime UK Ltd, under TUPE regulations.
- 3.3.6 The admission agreement has now ceased due to the last active member, under this contract, ceasing employment on the 10 June 2016. All employee and employer pension contributions owing to the Fund have been paid. As a pass through admission, all liabilities have passed back to Cambridgeshire County Council as the ceding employer, therefore no cessation payment is required.
- 3.3.7 EasyClean (Eastfield Infants) were admitted to the fund under a pass through admission agreement on 10 October 2016 after entering into a contract to provide cleaning services at Eastfield Infants school, which resulted in a transfer of staff from Cambridgeshire County Council to EasyClean under TUPE regulations.

- 3.3.8 The admission agreement has now ceased due to the last active member leaving on 30 November 2016. All employee and employer pension contributions owing to the Fund have been paid. As a pass through admission, all liabilities will pass back to Cambridgeshire County Council therefore no cessation payment is required.
- 3.3.9 Dell Corp (Neale Wade and Thomas Clarkson) were admitted to the fund under a full admission agreement on 1 September 2011, after entering into a contract to provide IT services to Neale Wade School and Thomas Clarkson Community College as part of the building schools for the future project.
- 3.3.10 The admission agreement has now ceased following the natural termination of the contract on 31 August 2016. All employee and employer pension contributions owing to the Fund have been paid. Due to risk sharing arrangements in the admission agreement, all liabilities will pass back to Cambridgeshire County Council as the ceding employer, from the contract, therefore no cessation payment is required.
- 3.3.11 Dell Corp (Cromwell College) were admitted to the fund under a full admission agreement on 1 September 2012, after entering into a contract to provide IT services to Cromwell Community College as part of the building schools for the future project.
- 3.3.12 The admission agreement has now ceased due to the contract ending on 31 August 2016. All employee and employer pension contributions owing to the Fund have been paid. Due to risk sharing arrangements in the admission agreement, all liabilities will pass back to Cambridgeshire County Council as the ceding employer from the contract, therefore no cessation payment is required.
- 3.3.13 Dell Corp (Sir Harry Smith College) were admitted to the fund under a pass through admission agreement on 19 September 2013, after entering into a contract to provide IT services to Cromwell Community College as part of the building schools for the future project.
- 3.3.14 The admission agreement has now ceased due to the last active member leaving on 31 August 2016. All employee and employer pension contributions owing to the Fund have been paid. As a pass through agreement, all liabilities will pass back to Cambridgeshire County Council as the ceding employer from the contract, therefore no cessation payment is required.

4. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>(Objective 1)</i>
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Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. *(Objective 3)*

Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. *(Objective 5)*

5. Finance & Resources Implications

5.1 Not applicable.

6. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with this report.		Green

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

Risk	Risk Rating
There are no risks associated with this report.	Green

7. Communication Implications

7.1 Not applicable.

8. Legal Implications

8.1 Not applicable.

9. Consultation with Key Advisers

9.1 Not applicable.

10. Alternative Options Considered

10.1 Not applicable

11. Background Papers

11.1 Reports from the 23 March 2017 meeting of the Pension Committee:

<https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/217/Committee/16/Default.aspx>

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Head of Pensions?	Mark Whitby – 27 March 2017

Appendix 1 - Consultation on indexation and equalisation of GMP in public service pension schemes			
Solution	Methodology for indexation	Method for equalisation	Points to consider
Case-by-case	<p>Comparison of the total income received by the pensioner from public and state pension provision under the old and new system.</p> <p>Where the member has lost financially, the member would be compensated up to the value of the loss of indexation only. This method does not provide full indexation to all members.</p>	<p>The same calculation would be repeated for an equivalent, theoretical member of the opposite sex. The scheme would then pay the higher of the male or female benefit to the affected individual.</p>	<p>The Government Actuary's Department (GAD) estimate this would increase liabilities for the public service pension schemes by around £1.5 billion. This is equivalent to increasing schemes' total liabilities by 0.15%. It is however very administratively complex, would continue for decades and would require significant investment in administrative systems for all public service pension schemes.</p>
Full indexation	<p>For those attaining state pension age after 5 December 2018, this is a continuation of the current policy announced on 1 March 2016, which requires the public service pension schemes to directly meet the cost of indexing the GMP.</p>	<p>This method also prevents inequalities being introduced between men and women by the abolition of the additional state pension. By fully indexing the GMP it ensures that no individual is worse off as a result of no longer in effect receiving indexation on their GMP through the additional state pension.</p>	<p>However, because this policy applies to all individuals it would mean that a large number of individuals would be compensated when they were already better off as a result of the transition to the new State Pension. GAD estimate this policy would increase liabilities for public service pension schemes by around £5 billion. This is equivalent to increasing schemes' total liabilities by around 0.5%. Full indexation is administratively much less complex than case-by-case as it is a continuation of current government policy.</p>
Conversion	<p>Conversion of the GMP into a scheme benefit, equating £1 of GMP to £1 of scheme benefit. This has a similar outcome to full indexation.</p>	<p>Conversion of GMP to main scheme pension would avoid the inequalities between men and women that would otherwise occur following the abolition of the additional state pension.</p>	<p>It has a similar cost to full indexation and is likely to involve some administrative complexity to complete the conversion but should be significantly simpler in the longer term for schemes. Public service schemes would no longer need to abide by existing GMP legislation for these members.</p>

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 12 April 2017

Report by: Head of Pensions

Subject:	LGSS Pensions Service Administration Performance Report
Purpose of the Report	To present the Administration Performance Report to the Pension Fund Board
Recommendations	The Pension Fund Board are asked to note the Administration Performance Report
Enquiries to:	Name – Joanne Walton – LGSS Pensions Governance and Regulations Manager Tel – 01604 367030 E-mail – jwalton@northamptonshire.gov.uk

1. Background

- 1.1 One of the core functions of the Pension Fund Board (the Local Pension Board) 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 Board. This is a combined report covering the period 1 September 2016 to 28 February 2017.

2. Administration Reporting

2.1 Receipt of Employee and Employer Contributions

- 2.1.1 The following table shows the percentage of employers in the Cambridgeshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late (after the 19th of the month following deduction) for the period 1 February 2016 to 31 January 2017.

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
February 2016	98.9	1.1	98	2.0
March 2016	97.6	2.4	97.3	2.7
April 2016	96.3	3.7	94.5	5.5
May 2016	97.0	3.0	95.3	4.7

June 2016	97.2	2.8	96.9	3.1
July 2016	97.2	2.8	99.1	0.9
August 2016	96.6	3.4	95.9	4.1
September 2016	97.1	2.9	97.3	2.7
October 2016	97.4	2.6	96.7	3.3
November 2016	98.0	2.0	96.8	3.2
December 2016	98.9	1.1	97.6	2.4
January 2017	98.0	0.2	95.0	0.5
Average for period	97.5	2.5	96.7	3.3

- 2.1.2 For August there were 2 employers who had not made a payment by 19 September and 10 employers who made a late payment equating to £35,461.54 which is approximately 0.35% of the total amount of contributions due for the month.
- 2.1.3 The 12 employers collectively have 37 employees contributing to the Local Government Pension Scheme. The 2 employers that have not made payment did also not submit a payment schedule and therefore a monetary amount was not available and not included in the figure in 2.1.2.
- 2.1.4 For September 1 employer failed to make a payment by 19 October and 3 employers made late payments equating to £47,367.89. Which is approximately 0.47% of the total amount of contributions due to the Fund. The employer has 35 active employees contributing to the Local Government Pension Scheme.
- 2.1.5 For October 7 employers paid contributions late equating to £2,597.46 which is approximately 0.01% of the expected amount of contributions due. These employers collectively have 7 active members contributing to the Local Government Pension Scheme. Two of the late payments were made by employers who had previously been reported to the Pensions Regulator within the last 6 months and were therefore automatically reported again as per the Payment of Employee and Employer Pension Contributions Policy.
- 2.1.6 For November, 2 employers failed to make payment and 2 employers made late payments equating to £6,718.87, which is approximately 0.03% of the total contributions due for the month. The employers collectively have 5 active members contributing to the Local Government Pension Scheme. Two of the late payments were made by employers who had previously been reported to the Pensions Regulator in October due to previous late payments and were therefore automatically reported again as per the Payment of Employee and Employer Pension Contributions Policy. One employer made two late payments within the period and is being closely monitored.
- 2.1.7 For December, 5 employers made late payments equating to £50,393.65 which is approximately 0.48% of the total contributions due for the month. The employers collectively have 35 active members contributing to the LGPS. One employer was reported to the Pensions Regulator again as they failed to make payment of their employer and employee contributions by the 19th of January and had previously defaulted on contributions on a number of occasions.

- 2.1.8 For January, 2 employers made late payments equating to £63,821.74 which is approximately 0.69% of the total contributions due for the month. The employer's collectively 50 active members contributing to the LGPS. One employer was reported to the Pensions Regulator again as they failed to make payment of their employer and employee contributions by the 19th of January and had previously defaulted on contributions on a number of occasions.
- 2.1.9 Full details of employers that have been reported to the Pensions Regulator during the period can be found in **Appendix 1** of this report (Private).
- 2.1.10 Persistent late payments and submission of accompanying payment schedules are monitored closely and officers work in close liaison with scheme employers and third party payroll providers to resolve issues. The Payment of Employee and Employer Contributions Policy came into force on 1 April 2016 to ensure scheme employers are aware of the consequences of not meeting their statutory obligations and are aware in advance of the ramifications of persistent non-compliance.

2.2 Overpayments of Pension

- 2.2.1 The table below shows all the overpayments of pension that have occurred, split by categories of explanation, during the period 1 September 2016 to 28 February 2017.

Overpayment Type	Action	Amount	Total
Retirement	Written off	£0	£66.36 (2 cases)
	Recovery	£66.36 (2 cases)	
Death of a Pensioner/Dependant	Written off	£8,124.47(91 Cases)	£38,987.35 (115 cases)
	Recovery	£30,862.88 (24 Cases)	

- 2.2.2 During the period 1 September 2016 to 28 February 2017, 115 scheme members passed away and the date of notification to the Fund resulted in an overpayment of the late member's pension. Of the overpayments, 91 were automatically written off as the value of the overpayment was less than £250. The remaining 24 cases are currently being pursued for recovery of the overpayment.
- 2.2.3 One high value case equating to £13,659.83 was the result of a spouse not notifying the service of her late husband's death. The sister of the deceased noticed that the widow had not been dealing with the deceased's affairs and advised LGSS Pensions in June 2016 that the member had died in June 2015. Unfortunately there were delays in obtaining an overpayment value from LGSS Payroll which was finally received in December 2016. An invoice has now been raised to recover the full amount.
- 2.2.4 In this period, £13,843.41 of overpayments of pension has been recovered for the current financial year

2.3 Key Performance Indicators – LGSS Pensions Service

2.3.1 The Pension Committee has agreed a set of key performance indicators (KPIs) to assess the performance of LGSS Pensions Service.

2.3.2 The performance against the key performance indicators for the period 1 September 2016 to 28 February 2017.

KPI	Target	Sept	Oct	Nov	Dec	Jan	Feb
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%	97%	97%	96%	96%	99%	99%
Award dependent benefits. (Issue award within 5 working days of receiving all necessary information).	95%	90%	85%	86%	86%	97%	81%
Provide a maximum of one estimate of benefits to employees per year on request. (Estimate in agreed format provided within 10 working days from receipt of all information).	90%	85%	74%	87%	90%	84%	44%
Provide transfer-in quote to scheme member. (Letter issued within 10 working days of receipt of all appropriate information).	95%	94%	97%	90%	89%	79%	80%
Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	95%	60%	100%	100%	100%	100%	100%

KPI	Target	Sept	Oct	Nov	Dec	Jan	Feb
Notify the employer and scheme members of changes to the scheme rules. (Within one month of the LGSS Pensions Service being informed of the change).	95%	100%	100%	100%	100%	100%	100%
Issue annual benefit statements to active members as at 31 March each year. (By the following 31 August - pending timely receipt of satisfactory year end data from the scheme employer).	100%	100%	N/A	N/A	N/A	N/A	N/A

2.3.3 The full analysis of data for the September, October, November, December, January and February statistics along with explanations on the lower than expected performance can be found in **Appendix 2** of this report.

2.4 Key Performance Indicators – Scheme Employer Performance

2.4.1 The following key performance indicators, as agreed by the Pension Committee, are based on the performance of the scheme's employers for the period 1 September 2016 to 31 January 2017 are detailed in the table below.

KPI	Target	Sept	Oct	Nov	Dec	Jan
Arrange for the correct deduction of employee and employer contributions to Pension Fund in a timely manner, providing an associated monthly statement/schedule in a format acceptable to the Administering Authority.	100%	97.1%	97.4%	98.0%	98.9%	97.5%
Provide LGSS Pensions Service with accurate year end information in the prescribed format.	100%	N/A	N/A	N/A	N/A	N/A

2.4.2 Employer performance continues to be managed by officers of the Fund and progress continues to be made. Close liaison with employers in regards to the timely submission of both payments and schedules in order for them to meet statutory compliance.

- 2.4.3 The relationship between size of employer and whether the employer met the key performance indicators (KPIs) for scheme employer performance is detailed in **Appendix 3** of this report.

3. Relevant Pension Fund Objectives

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

4. Finance & Resources Implications

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

5. Risk Implications

- a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with managing the administration performance of the scheme.	Key areas of control to be reported to the Pension Committee and Pension Fund Board are highlighted in the Fund's Business Plan.	Green

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

Risk	Risk Rating
If the Fund does not monitor and report administration standards the Fund will not demonstrate that it has appropriate control over the management of its core functions.	Amber

6. Communication Implications

Direct Communications	The Fund publishes its performance against the key performance indicators in the regular reports to the Pension Committee and Pension Fund Board and in the Fund's Annual Report.
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7. Legal Implications

7.1 Not applicable

8. Consultation with Key Advisers

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

9. Alternative Options Considered

9.1 Not applicable

10. Background Papers

10.1 Not applicable

11. Appendices

11.1 Appendix 1 – Employers that have been reported to the Pensions Regulator during the period

11.2 Appendix 2 – Pensions Service KPI analysis

11.3 Appendix 3 – Largest employers in the Fund and performance on the payment of contributions, the submission of payment schedules and the submission of year end information.

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	N/A
Has this report been cleared by Head of Pensions?	Mark Whitby – 15 March 2017

Appendix 2 – Pensions Service KPI analysis for September, October, November, December, January & February

September 2016

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%	393	382	11	97%	G	
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%	130	130	0	100%	G	
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	40	36	4	90%	A	Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to high volumes of work, staff changes, payroll checking and payroll testing.
Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments

Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	67	57	10	85%	A	Cases outside of SLA target due to high volumes of actual retirement work during August and September, staffing issues and payroll project. Statutory.
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	16	15	1	94%	A	Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to high volumes of work, staff changes, payroll checking and payroll testing.
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	5	3	2	60%	A	Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to high volumes of work, staff changes, payroll checking and payroll testing.

October 2016								
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%	335	326	9	97%	G	
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%	110	110	0	100%	G	
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	39	33	6	85%	A	<p>Low volume of case work in this area and this impacts the percentage if there are cases not within target.</p> <p>Cases outside of SLA target due to high volumes of work, staff changes, payroll checking and payroll testing.</p>

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	164	122	42	74%	R	Cases outside of SLA target due to a backlog of checking resulting from high volumes of actual retirement work during August and September, staffing issues and payroll project
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	29	28	1	97%	G	
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	5	5	0	100%	G	

November 2016								
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%	435	419	16	96%	G	
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%	78	78	0	100%	G	
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	41	36	5	86%	A	Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to staff changes, payroll checking and payroll testing.

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	115	102	13	87%	A	Cases outside of SLA target due to reduction in staffing levels and development of new team members.
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	22	20	2	90%	R	Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to staff changes, payroll checking and payroll testing.
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	20	20	0	100%	G	

December 2016								
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%	374	360	14	96%	G	
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%	89	88	1	99%	G	
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	26	22	4	86%	A	<p>Low volume of case work in this area and this impacts the percentage if there are cases not within target.</p> <p>Cases outside of SLA target due to staff changes, payroll checking and payroll testing.</p>

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	102	92	10	90%	G	
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	18	16	2	89%	A	Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to staff changes, payroll checking and payroll testing.
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	14	14	0	100%	G	

January 2017								
Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Notify leavers of deferred benefit entitlement.	Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information.	90%	374	360	14	96%	G	
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%	89	88	1	99%	G	
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	26	22	4	86%	A	Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to staff changes, payroll checking and payroll testing.

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	102	92	10	90%	G	
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	18	16	2	89%	A	Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to staff changes, payroll checking and payroll testing.
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	14	14	0	100%	G	

February 2017

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Notify leavers of deferred benefit entitlement.	Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information.	90%	598	592	5	99%	G	
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%	52	52	0	100%	G	
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	31	25	6	81%	A	<p>Low volume of case work in this area and this impacts the percentage if there are cases not within target.</p> <p>Cases outside of SLA target due to reduction in staffing levels and development of new team members.</p>

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	102	92	10	44%	A	Cases outside of SLA target due to reduction in staffing levels and development of new team members.
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	101	44	57	80%	A	Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to reduction in staffing levels and development of new team members
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	6	6	0	100%	G	

Appendix 3 – Largest employers in the Fund and performance on the payment of contributions, the submission of payment schedules and the submission of year end information.

Late Payments

<u>Employer</u>	<u>Actives</u>	<u>Payroll</u>	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>	<u>Feb-16</u>	<u>Mar-16</u>	<u>Apr-16</u>	<u>May-16</u>	<u>Jun-16</u>	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>
A	3893	In house	-1	2	3	-1	-1	-2	-2	0	-4	0	-2	-2
B	1614	In house	-3	-4	-3	-3	0	-1	-2	0	0	1	-1	-3
C	1377	In house	-1	0	0	-1	0	0	-2	0	0	-20	0	-1
D	951	In house	-1	0	0	-1	0	0	-2	0	0	0	0	-1
E	907	In house	-3	-4	-2	-1	-4	-1	5	-4	-16	-24	0	-3
F	580	Outsourced	-1	0	0	-1	0	0	-2	0	0	-3	0	-1
G	410	Outsourced	-1	0	0	-2	-4	0	1	-4	-7	0	1	-1
H	391	Outsourced	-1	0	-1	-2	0	-2	-2	-5	4	-4	-1	-2
I	362	In house	-4	0	3	-4	-2	-3	-5	-8	3	-7	-1	-4
J	280	In house	-1	-1	0	-1	0	0	-2	0	0	0	0	-1
K	244	Outsourced	-19	-32	-21	-19	-19	-20	-19	-19	-21	0	-19	-19
L	240	In house	-1	-4	0	-1	-1	0	-2	-1	0	-3	0	-1
M	213	In house	-19	-19	-21	-19	-19	-20	-19	-19	-21	-6	-19	-19
N	169	In house	-1	0	-1	-1	-1	0	-2	0	0	0	0	-4
O	163	In house	-19	-19	-21	-19	-19	-20	-19	-19	-21	-3	-19	-19
P	146	Outsourced	-18	-19	-18	-18	-12	-20	-18	-18	-18	-18	-19	-18
Q	144	Outsourced	-18	-19	-18	-18	-18	-20	-18	-18	-18	-18	-19	-18
R	140	In house	-1	-1	-1	-1	-1	0	-2	-1	-1	-3	-2	-3
S	139	In house	-18	-19	-18	-18	-18	-20	-18	-18	-18	-18	-19	-18
T	135	Outsourced	-19	-19	-21	-19	-19	-20	-19	-19	-21	-19	-19	-19

Minus denotes early payments and plus denotes late, highlighted are the payments that fell outside of desired acceptance.

Late Payment Schedules

Employer	Actives	Payroll	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16
A	3893	In house	53	22	0	-1	-1	-1	-2	0	-1	1	0	-1
B	1614	In house	-4	-3	-3	-2	-2	0	-2	17	-2	-3	-5	-2
C	1377	In house	-36	-32	-32	-30	-28	-29	-31	-32	-31	-31	-30	-32
D	951	In house	-32	-29	-26	-32	-13	-27	-27	-29	-31	-31	-30	-31
E	907	In house	-10	-5	-1	-4	-1	-7	8	-11	-4	-10	8	-10
F	580	Outsourced	2	0	-1	2	-4	4	2	-1	-1	-5	-2	9
G	410	Outsourced	16	-15	-17	-25	3	174	143	113	82	51	21	9
H	391	Outsourced	-10	-7	-7	-4	-5	-9	8	-6	-8	14	-8	-10
I	362	In house	-18	-27	-1	-16	-13	-13	-18	-20	-17	-13	-16	-18
J	280	In house	-33	-34	-31	-32	-29	-28	-32	-29	-31	-32	-29	-32
K	244	Outsourced	-23	-28	-18	-21	-13	-14	-24	-22	-20	-2	-21	-24
L	240	In house	-3	-7	-3	-3	-5	-4	-5	-6	-3	-6	-2	-8
M	213	In house	-17	-12	17	-17	-13	-14	-17	-15	-21	-19	-16	-15
N	169	In house	23	0	-24	-12	-17	-13	-17	-13	-18	8	-22	-24
O	163	In house	-19	-32	-22	-19	-20	-20	-19	-18	-25	-20	-20	-24
P	146	Outsourced	-18	-13	-18	-3	-20	-15	-17	-14	-4	-13	-19	-22
Q	144	Outsourced	-18	-13	-18	-3	-20	-15	-17	-14	-4	-13	-19	-22
R	140	In house	-17	-28	-16	11	-12	-14	-26	-21	-24	-20	-22	-26
S	139	In house	-18	-13	-18	-3	-20	-15	-17	-14	-4	-13	-19	-22
T	135	Outsourced	-19	-28	-21	-22	-20	-15	-19	-18	-22	-20	-20	-25

Minus denotes early payments and plus denotes late, highlighted are the schedules that fell outside of desired acceptance.

Late year-end submissions

<u>Employer</u>	<u>Actives</u>	<u>Payroll</u>	<u>Comments</u>
B	1614	In house	The first submission was rejected due to some missing data, employer was extremely co-operative and the correct data submitted 13 May 2016.
R	140	In house	Employer had issues with their payroll data so an extension was agreed to 4 May 2016.
T	135	Outsourced	The first submission was rejected due to the pay reference numbers being incorrect. Resubmitted 9 May 2016.

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 12 April 2017

Report by: Head of Pensions

Subject:	Cambridgeshire Pension Fund Anti-Fraud and Corruption Policy
Purpose of the Report	To present the Anti-Fraud and Corruption Policy to the Pension Fund Board
Recommendations	The Pension Fund Board are asked to evaluate the Anti - Fraud and Corruption Policy and suggest any improvements to ensure an effective and workable policy.
Enquiries to:	Name – Joanne Walton – LGSS Pensions Governance and Regulations Manager Tel – 01604 367030 E-mail – jwalton@northamptonshire.gov.uk

1. Background

- 1.1 One of the core functions of the Pension Fund Board (the Local Pension Board) is to ensure the effective and efficient governance and administration of the Scheme.
- 1.2 As part of those functions the Local Pension Board must ensure that the Fund has the appropriate policies in place to ensure 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.
- 1.3 As such, officers of the Fund have drafted an Anti-Fraud and Corruption Policy that the Pension Fund Board are asked to evaluate and suggest improvements to ensure the Fund has an effective and workable policy in place to reduce exposure to potential fraud and corruption.

2. Purpose of the Policy

- 2.1 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.
- 2.2 The prevention/detection of fraud/corruption and the protection of the public funds are everyone's responsibility.
- 2.3 The publication of the 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.

3. Detection and prevention of Fraud and Corruption

- 3.1 Cambridgeshire Pension Fund proactively takes steps to prevent fraud and corruption in the following areas:
- Member Fraud Prevention;
 - Employer Fraud Prevention; and
 - Administration Fraud Prevention.
- 3.2 The policy identifies activities to prevent fraud and sets out timescales and responsibility to ensure the Fund is mitigating the risk of fraud and corruption.
- 3.3 All suspected irregularities are investigated by officers in the first instance and will be dealt with in a timely manner. All probable and confirmed cases are required to be reported to Internal Audit by the Head of Pensions.
- 3.4 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 Pensions Committee.
- 3.5 All cases of fraud will be reported to both the Pensions Committee and Local Pension Board. Full details will be provided including the changes that have been made to prevent reoccurrence in the future.

4. Next steps

- 4.1 Following recommendations from the Pension Fund Board, the Anti-Fraud and Corruption Policy will be submitted to the Head of Audit for review and will be presented at the Pensions Committee in June for approval.

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 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>

6. Finance & Resources Implications

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

7. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with proactively preventing fraud and corruption unless the policy is insufficient in addressing the means by which potential fraud and corruption may occur and lack of controls in place to deter it.	Active fraud prevention in line with the Fund's risk register.	Green

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

Risk	Risk Rating
If the Fund does not monitor and report fraud cases the Fund is at risk of losing financially, affecting all stakeholders.	Red

8. Communication Implications

Direct Communications	The Fund will publish the policy on its website
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9. Legal Implications

9.1 Not applicable

10. Consultation with Key Advisers

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

11. Alternative Options Considered

11.1 Not applicable

12. Background Papers

12.1 Not applicable

13. Appendices

13.1 Appendix 1 – Draft Anti-Fraud and Corruption Policy

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	N/A
Has this report been cleared by Head of Pensions?	Mark Whitby – 20 March 2017

Cambridgeshire Pension Fund Anti-Fraud and Corruption Policy 2017

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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 are defined by the Audit Commission as: -
- Fraud – ‘any intentional false representation, including failure to declare information or abuse of position which is carried out to make gain, cause loss or expose another to the risk of loss’.
 - Corruption – ‘the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person’.

2. Policy Objectives

- 2.1 The Funds’ 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; and
 - Minimise adverse publicity

4. Effective date

- 4.1 This Policy was approved by the Pension Committee on XX 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 annually, and if necessary, more frequently to ensure it remains accurate and relevant.

6. Scope

- 6.1 This policy applies to -
- members of the Pension Committee;
 - members of the Local Pension 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.
- 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 administering authority will deal firmly with those who commit fraud, or who are corrupt, or where there has been financial malpractice against the Fund. There is, of course, a need to ensure that any investigation process is not misused and all actions are taken in a fair and equitable manner in

accordance with legislation, in particular the Human Rights Act, Race Relations Act and any policies or procedures that may have an impact.

- 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. Statutory Duties

- 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 the Audit Commission. 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 encouraged 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 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.
- 9.2.7 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 –

Member Fraud Prevention			
Activity	Detail of activity	Timescale	Responsibility
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.	Every two years.	Officers are responsible for starting investigations into the members identified within one month of the report being received.
Mortality checks for overseas pensioners	Pending Chief Officer approval to procure services: Pensioners living abroad will be required to visit a Western Union Branch in order to complete a life certificate and will also be required to provide identification.	Every two years.	Officers are responsible for overseeing the process with Western Union and ensuring the appropriate action is taken up with relevant teams upon review of the findings.
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.	Ad Hoc	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.
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.	Monthly	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.

Falsification/non submission of documents (Member)	Members may provide incorrect information for financial gain.	Day to day basis	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 checks before benefits are paid.
Employer Fraud Prevention			
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.	Monthly	Investigations 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.
Falsification/non submission of documents (Employer)	Employers may provide the service with incorrect data in order to gain financially.	Day to day basis	Data verification checks to look for inconsistencies. Data matched against contribution information for the valuation carried out by the actuary.
Administration Fraud Prevention			
Employee maladministration	There is a clear separation of duties between employees and all calculations and payments are checked at a more senior level.	Day to day basis	It is the responsibility of the checker to ensure the payment is of the correct amount and to the correct individual.
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.	Yearly	Internal Audit will conduct an annual review that is then presented to the Pensions Committee and Local Pension Board. Relevant actions will be addressed by the Head of Pensions.

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.	Yearly	External Audit will conduct an annual review that is then presented to the Pensions Committee and Local Pension Board. Relevant actions will be addressed by the Head of Pensions.
Conflicts of Interest	Pension Committee and Local Pension 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.	Each Meeting/Ad Hoc	Pension Committee and Local Pension 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 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.

10.3 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 with in a timely manner. 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 Human Rights Act 1998.

11.2 Internal audit carries out investigations and follows up appropriately as per the LGSS Corporate Policy.

12. Sanctions

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

14. Contact details

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

Mark Whitby
Head of Pensions
01604 368502
07990 556197

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Governance and Regulations Manager
01604 367030
07342 065329

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CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 12 April 2017

Report by: Head of Pensions

Subject:	Pension Fund Annual Business Plan and Medium Term Strategy, 2017-18 to 2019-20
Purpose of the Report	To outline the Fund's objectives for 2017-18 and provide a plan of action as to how key priorities will be achieved.
Recommendations	The Board are asked to note the attached Business Plan for 2017-18 provided in the appendix to this report.
Enquiries to:	Jo Walton - Governance and Regulations Manager Tel - 01604 367030 E-mail - jwalton@northamptonshire.gov.uk

1. Background

- 1.1 Good governance ensures that pension funds adopt a Business Plan that details the Fund's objectives and sets out key priorities for the forthcoming year, and in some cases, subsequent years.
- 1.2 The proposed Business Plan for the Cambridgeshire Pension Fund is attached in appendix 1.

2. The Business Plan 2017-18

2.1 Executive summary

- 2.1.1 The executive summary explains the challenges that the Fund has faced and will continue to face over recent and forthcoming years. These challenges range from the requirements of the Public Service Pensions Act 2013 to asset pooling in the LGPS.

2.2 Purpose and scope of the Fund

- 2.2.1 This section provides a high level overview of how the Fund operates in terms of its relationship with the administering authority through delegated responsibilities to the Pension Committee, the Scheme's administration arrangements with LGSS, the role of the Local Pension Board and the relationship with its stakeholders.

2.3 Contextual information on the Cambridgeshire Pension Fund

- 2.3.1 This section provides membership data, the Fund's assets and liabilities and investment information as at 31 December 2016 in order to provide the context behind the content of the Business Plan.

2.3.2 The section also details estimates of the fund account, investment income and expenditure and administration expenses for the period 2016-17 to 2018-19.

2.4 Fund Objectives

2.4.1 The setting of clear objectives is critical to effective business planning. The objectives were revised in 2015 and remain current for the forthcoming year and are set out in section 3 of the Business Plan.

2.5 Key Fund activities 2017-18

2.5.1 This section details the key activities that will be undertaken during 2017-18. The activities are split into high level categories with a link to the relevant objective or multiple objectives as detailed below:

Activity	
Ensuring and maintaining regulatory compliance/best practice	<p>Ensure and maintain compliance with the Pensions Regulator's code of practice and the Public Service Pensions Act 2013.</p> <p>Ensure Pension Committee, Local Pension Board and Officers of the Fund have appropriate knowledge to inform and make decisions.</p>
Ensuring and maintaining data quality	Review, improve and maintain data quality.
Utilising technological solutions	<p>Explore the use of Altair to make payments of non-payroll items to achieve cost savings, efficient processes and increased quality of service.</p> <p>Utilise Altair to provide self service facilities to scheme members and scheme employers to enable faster and more efficient exchanges of information. Explore new MSS offerings.</p> <p>Reduce the reliability on manual functions in favour of automated solutions.</p>
Utilising collaboration	<p>Procurement of actuarial, governance and benefits consultancy service.</p> <p>Proactively participate in the creation of a multi asset pool to meet the government's investment pooling agenda.</p>
Managing risk	<p>Managing the risks associated with the increasing volume and diversity of scheme employers.</p> <p>Continued maintenance and monitoring of the Risk Register.</p>
Managing Fund performance – administration	<p>Monitor and improve stakeholder satisfaction.</p> <p>Monitor and deliver required levels of administration performance for scheme employers and the service.</p> <p>Undertake full review of the Administration Strategy.</p>

Activity	
Ensuring effective communications	<p>Deliver plain English communications</p> <p>Deliver effective and timely communications to scheme members and scheme employers.</p>
Maintain appropriate cash flow	<p>Ensure employee and employer contributions are received on time for each scheme employer.</p> <p>Ensure all overpayments of pension benefits are managed in a cost effective and timely manner.</p>
Maintaining long-term Fund solvency	Regularly monitor the funding level.
Maintaining value for money	Demonstrate that the Fund is operating in a manner that achieves value for money.

2.6 Performance Indicators

2.6.1 Section 5 of the Business Plan details the key performance indicators that the LGSS Pensions will report on during 2017-18 as agreed in the Fund's Administration Strategy.

3. Finance & Resources Implications

3.1 Performance against the estimates of the fund account, investment income and expenditure and administration expenses estimates will be reported quarterly to the Pension Fund Board via Administration Reports.

4. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
No risk as it is best practice that the Fund has an approved Business Plan.	N/A	N/A

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

Risk	Risk Rating
If the Fund does not have a Business Plan there is potential for a lack of direction, control and structure in the management of its business.	Red

5. Communication Implications

Direct Communications	An update on progress made against the activities in the Business Plan will be presented to the Pension Committee each meeting.
Website	The Business Plan will be published on the Fund's website.

6. Legal Implications

6.1 Not applicable.

7. Consultation with Key Advisors

7.1 The Fund's key advisers have been consulted in the Business Plan where necessary.

8. Alternative Options Considered

8.1 The alternative of not having a business plan is not considered an acceptable alternative for the Fund.

9. Background Papers

9.1 Not applicable.

10. Appendices

10.1 Appendix 1 Annual Business Plan and Medium Term Strategy 2017-18

Checklist of Key Approvals	
Is this decision included in the Business Plan?	N/A
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 Head of Pensions?	Mark Whitby – 24/02/2017

Annual Business Plan and Medium Term Strategy 2017-18 to 2019-20

Cambridgeshire Pension Fund

Executive summary

The purpose of this Annual Business Plan and Medium Term Strategy is to outline the Fund's objectives and provide a plan of action as to how key priorities over the next two years will be achieved in order to further these objectives.

Over the last few years the Fund has faced increasing complexities and there has been and continues to be new legislation that has fundamentally changed the way in which we work and our relationship with our stakeholders. The complexities have stemmed from but are not limited to the following;

- Asset Pooling
- The Public Service Pensions Act 2013
- Increased risk monitoring
- Funding pressures resulting from past and present market conditions and now stabilising longevity
- Overriding HMRC legislation
- Increased diversity of scheme employers resulting from alternative service provision models
- End of contracting-out of the State Second Pension
- Amending Local Government Pension Scheme regulations

To manage these challenges the Fund needs to be flexible and responsive to adapt in a timely and effective manner.

This Business Plan also outlines the expected non-investment related Fund receipts and payments for the current financial year 2016-17, and projections for 2017-18 through to 2019-20, as well as the administration and investment expenses.

The Business Plan also details the key performance indicators by which the Fund's performance will be measured. A full listing of these indicators can be found in section 5.

Officers will update the Pension Committee and the Local Pension Board on the progress made against all aspects of the Business Plan in update reports presented at each meeting.

Section 1 - Purpose and scope of the Fund

The Cambridgeshire Pension Fund is one of 89 Funds making up the Local Government Pension Scheme (LGPS). Cambridgeshire County Council is the statutorily appointed Administering Authority for the Cambridgeshire Pension Fund.

In 2014, the LGPS became a career revalued average pension scheme having previously been a final salary pension scheme since its inception. The LGPS is principally funded by its constituent employers and members, with assistance from investment returns. Unlike other public service pension schemes, the LGPS is fully invested in financial markets and aimed to be fully funded over the long term.

Administration of the Fund

In 2012, the administration of the Cambridgeshire Pension Fund was converged with Northamptonshire Pension Fund following the creation of LGSS, a joint partnership between Cambridgeshire and Northamptonshire County Councils. The Funds, however, remain as two distinct entities.

Both administration and investment activities are fully converged, and based in the Northamptonshire office. Pensioner payroll was converged during 2016-17 and now both administration and payroll records are fully linked.

Since 2012, both Funds have benefited from cost savings through the ability to procure services such as investment consultancy and custodian services on a joint basis as well as streamlining the provision of the administration functions.

Governance and Management of the Fund

The Cambridgeshire Pension Committee is responsible for the proper administration of the Fund in all its aspects.

The Pension Committee has its delegation direct from full Council. The Committee's role is to set the Pension Fund objectives and determine and maintain appropriate strategies, policies and procedures with ongoing monitoring of the Fund's activities. The Pension Committee is assisted by an Investment Sub-Committee that looks at the operational governance of investment issues.

From 1 April 2015, a further layer of governance was introduced in the form of a Local Pension Board. The Local Pension Board is a direct requirement of the Public Service Pensions Act 2013 and its role is to assist the Administering Authority (Cambridgeshire County Council) to secure compliance relating to governance and administration of the LGPS.

In July 2016 the Fund, in partnership with ten other Local Government Pension Schemes, agreed to form the ACCESS asset pool in line with the Government's directive for the LGPS to pool assets.

Constituent Funds in ACCESS are currently developing an Inter Authority Agreement which will require constitutional changes to empower the Joint Governance Committee of ACCESS. Delegated powers will be given by respective Full Councils for decision making with regard to operational management of fund managers investing ACCESS' assets in accordance with individual Fund's approved investment strategies. The Pension Committees of the individual

constituent authorities will retain strategic and policy making powers, and will continue to delegate to the Investment Sub Committee those investment decisions not undertaken within the ACCESS pool.

The constitutional changes required are expected to be approved by Full Council prior to April 2017.

Stakeholders of the Pension Fund

The Fund's stakeholders fall into the following categories;

- Active, deferred and retired members, their dependants and prospective members
- Scheme employers
- Regulatory Bodies
 - DCLG (the responsible authority)
 - HMRC
 - Department of Work and Pensions
 - The Pensions Regulator
- Trade Unions
- Administering Authority (the Scheme Manager)
- UK tax-payers
- Scheme Advisory Board

The Fund has a responsibility to all of its stakeholders to carry out its business in an open and transparent manner.

Section 2 – Contextual information on the Cambridgeshire Pension Fund

Membership data

The membership profile of the Cambridgeshire Pension Fund, split by active, deferred and pensioner membership as at year ending 31 March is shown below;

Membership type	2011-12	2012-13	2013-14	2014-15	2015-16	1.4.16 – 31.12.16
Active	22,730	22,844	24,854	25,345	26,744	26,716
Deferred	20,805	22,910	25,793	28,255	30,889	32,966
Pensioner	13,408	14,288	15,091	15,658	16,169	17,138
Total	56,943	60,042	65,738	69,258	73,802	76,820

Assets and liabilities

As of 31 December 2016 the assets of the Fund were £2.700bn which the Scheme Actuary has estimated are sufficient to meet 80.7% of the Fund's liabilities. This figure has been projected from the data used in the 2016 actuarial valuation.

Investments

The following table shows the allocation of the Fund's assets across the different asset classes as at 31 December 2016.

Asset class	Investment in £m	% of Fund
Equities	1,882.0	70.4
Fixed income	303.4	11.4
Alternatives	293.4	10.8
Property	198.5	7.4
Cash	23.4	-
Total	2,700.7	100%

Note: Percentages are affected by rounding

As at 31 December 2016 the Fund's assets are invested with the following managers

Manager	Asset Class	£m	%
Schroders	Multi Asset	678.2	25.2
Dodge & Cox	Global Equity	455.4	17.0
SSGA	Global Equity	400.5	15.0
J O Hambro	Global Equity	304.7	11.4
SSGA	UK Equity	243.1	9.1
Schroders	Property	198.6	7.4
Private Equity		165.2	6.2
Skagen	Emerging Market Equity	103.4	3.9
Infrastructure		71.6	2.7
M&G	Fixed Income	56.6	2.1
Cash		23.4	-
Total		2700.7	100%

Fund account, investment and administration estimates

The following tables provide estimates of the fund account, investment and administration income and expenditure for the next three years:

	2016-17 Estimate	2016-17 Forecast	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate
	£000	£000	£000	£000	£000
Contributions	(111,082)	(123,000)	(123,500)	(135,000)	(137,000)
Transfers in from other pension funds:	(5,370)	(5,370)	(5,400)	(5,400)	(5,400)
TOTAL INCOME	(116,452)	(128,370)	(128,900)	(140,400)	(142,400)
Benefits payable	92,784	97,000	98,300	100,000	101,700
Payments to and on account of leavers:	5,370	5,370	5,400	5,400	5,400
	98,154	102,370	103,700	105,400	107,100
Management Expenses	7,855	8,027	8,156	8,092	8,184
TOTAL INCOME LESS EXPENDITURE	(10,443)	(17,973)	(17,044)	(26,908)	(27,116)
Investment Income	(28,000)	(28,000)	(29,000)	(30,000)	(31,000)
Taxes on Income	-	-	-	-	-
(Profit) and losses on disposal of investments and changes in the market value of investments	(73,000)	(73,000)	(75,000)	(77,000)	(79,000)
Net return on investments	(101,000)	(101,000)	(104,000)	(107,000)	(110,000)
Net (increase)/decrease in the net assets available for benefits during the year	(111,443)	(118,973)	(121,044)	(133,908)	(137,116)

Management Expenses	2016-17 Estimate £000	2016-17 Forecast £000	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000
Total Administration Expenses	2,249	2,421	2,494	2,377	2,409
Total Governance Expenses	428	428	432	436	440
Total Investment Expenses	5,178	5,178	5,230	5,280	5,335
TOTAL MANAGEMENT EXPENSES	7,855	8,027	8,156	8,092	8,184

The 2016-17 forecasted costs increased from those estimated, reflecting the Altair payroll project set up costs and an increase in establishment during the year.

Governance and investment expenses are expected to remain at levels similar to the current year, increasing in line with inflation. Within governance expenses for 2016-17 is £35,000 in respect of ACCESS related costs and £115,000 incurred in costs associated with the triennial actuarial valuation of the Fund.

Administration Expenses are analysed below:-

Administration Expenses	2016-17 Estimate	2016-17 Forecast	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate
Administration Expenses Analysis	£000	£000	£000	£000	£000
<i>Staff Related</i>	1,184	1,204	1,321	1,348	1,376
<i>Altair System</i>	259	259	261	263	265
<i>Altair payroll project</i>	-	152	-	-	-
<i>GMP and Payroll Reconciliation project</i>			150		
<i>Communications</i>	64	64	54	49	44
<i>Other Non Pay and Income</i>	40	40	100	102	104
<i>County Council Overhead Recovery</i>	702	702	608	615	620
Total Administration Expenses	2,249	2,421	2,494	2,377	2,409

Staff related expenses are forecast to increase in line with inflationary expectations.

Altair payroll project represents one off project costs incurred during 2016-17.

The GMP and Payroll Reconciliation project costs are intended to be a one-off expenditure in order to meet requirements of HMRC to ensure the scheme holds the correct GMP liability for its membership following the cessation of contracting out on 5 April 2016. Following some internal work in 2016-17, external expertise is required to complete this project in the most effective manner.

County Council overhead recovery costs have reduced following a review of cost allocation activities.

Section 3 - Fund Objectives

The objectives of the Fund have been derived around the Fund's core purpose and to ensure it is managed effectively and appropriately. All business activity will link back to the objectives to ensure relevance and purpose.

The Fund's objectives are as follows -

1. 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.
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.
3. 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.
4. Continually monitor and measure clearly articulated objectives through business planning.
5. Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
6. Ensure regular monitoring of employer covenants, putting in place mitigations of adequate strength to protect the Fund.
7. Ensure appropriate exit strategies are put in place both in the lead up to and termination of a scheme employer.
8. Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary.
9. Ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer.
10. Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.
11. Maintain accurate records and ensure data is protected and used for authorised purposes only.
12. Promote the Scheme as a valuable benefit.
13. Deliver consistent plain English communications to Stakeholders.
14. Provide Scheme members with up to date information about the Scheme in order that they can make informed decisions about their benefits.
15. Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.

16. Ensure cash flows in to and out of the Fund are timely and of the correct amount.
17. Ensure the long-term solvency of the Fund, taking a prudent long term view, so that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment.
18. Put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy.
19. Maximise investment returns over the long term within agreed risk tolerances.
20. Ensure an appropriate cash management strategy is in place so that net cash outgoings can be met as and when required.

Section 4- Key Fund activities 2017-18

It is essential for the Fund to demonstrate its commitment to achieving its objectives through careful planning and management of specific, measurable, achievable, relevant and timely activities.

The following activities identified for the 2017-18 financial year address each of the Fund's 20 objectives as detailed in section 3 and have been grouped into sub-headings for clarity and relevance. The table below aligns each activity to its relevant objective or more than one objective and the approach officers will take to achieve the particular activity and how the progress will be measured and reported with key dates where appropriate.

Ensuring and maintaining regulatory compliance/best practice

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Ensure and maintain compliance with the Pensions Regulator's code of practice: governance and administration of public service pension schemes and the Public Service Pensions Act 2013.	1. 2. 3. 4.	Continually review compliance with the code of practice and ensure any areas where full compliance has not been achieved are addressed during 2017-18.	A report is to be presented at the March 2017 meeting of the Pension Committee that identifies review dates for existing areas of compliance and completion dates for where any areas of compliance have yet to be achieved.
Ensure Pension Committee, Local Pension Board and Officers of the Fund have appropriate knowledge to inform and make decisions about the Fund.	3.	Review existing Training Strategy for continued relevance. Collate and publish a list of relevant training events for members of the Pension Committee and Pension Fund Board to attend that supports the CIPFA Skills and Knowledge Framework. Increase the frequency of in-meeting knowledge and skills training for the Pension Committee and Local Pension Board.	Provide a report to the Chairman of the Pension Committee and Local Pension Board at the end of the year on the training attended by their Committee and Board members during the year. List of relevant training events will be an appendix to the quarterly Governance and Legislation report.

Ensuring and maintaining data quality

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Review, improve and maintain data quality.	1. 4. 10. 11. 16	<p>To determine compliance with The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014. To be presented to Local Pension Board in October 2017 for comments and the Pension Committee in December 2017 for approval.</p> <p>To present a Data Quality Improvement Plan (as per the Pension Regulator's code of practice) to the Local Pension Board in October 2017 for comments and to the Pension Committee in December 2017 for approval.</p> <p>To continue to reconcile GMP data held by HMRC compared with that held on LGSS Pensions systems for all membership types.</p> <p>To continue to reconcile the pensioner payroll against Altair pensioner records as a regular and ongoing function.</p>	Regular updates on these activities will be reported in the quarterly Business Plan Update report.

Utilising technological solutions

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Explore the use of Altair to make payments of non-payroll items to achieve cost savings, efficient processes and increased quality of service to scheme members and other stakeholders.	2. 4. 10.	Engage with Heywoods to determine the amount of resource and timescale required and consider cost effectiveness of moving away from the Council's own accounts payable offerings.	Regular updates on the progress made against the plan will be reported in the quarterly Business Plan Update reports.
Utilise Altair to provide self service facilities to scheme members and scheme employers to enable faster and more efficient exchanges of information. Explore new MSS offerings.	2. 4. 8. 10. 11. 15.	Continually promote Altair Employer and Member Self Service functionality, through scheme employers and via scheme communications. To provide access to electronic annual benefit statements by 31 August 2017 to all deferred scheme members (who have not made a positive election to opt out of this service).	Provide an update on a range of measures as to the utilisation of both Member and Employer Self Service in the Business Plan Update report at the end of every financial year.
Reduce the reliability on manual functions in favour of automated solutions.	10. 11.	Continue to build on previous success in developing applications that decrease the level of manual intervention and data input and increase accuracy of data supplied by scheme employers. Continue to utilise technology to deliver scheme employer training via the use of webinars to ensure location is not a barrier. Use targeted training to improve employer performance.	Provide an update on the development of automated solutions in the Business Plan Update report at the end of every financial year.

Utilising collaboration

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Procurement of actuarial, governance and benefits consultancy service (in conjunction with Northamptonshire Pension Fund to achieve economies of scale).	1. 4. 10.	Notice to existing provider to be issued by June 2017 with contract, following appropriate due diligence to be issued by December 2017 for contract to start no later than 1 April 2018.	Progress against the project plan will be reported in the Business Plan Update reports.
Proactively participate in the creation of a multi asset pool to meet the government's investment pooling agenda.	10. 19.	<p>Within the ACCESS pool officers will continue to fully participate in the delivery of a Value for Money and appropriate asset pool arrangement representing this Fund.</p> <p>The July submission has now received a green light and officers and elected member representatives (Chairman and Vice Chairman) will continue to deliver the ACCESS plan, to achieve the April 2018 target date.</p> <p>Appropriate governance arrangements are being developed.</p> <p>Delivery of passive pooling arrangement by summer 2017.</p>	<p>Progress against the collaborative proposals to meet the government agenda on asset pooling.</p> <p>Regular updates on progress are reported to all governance bodies of the Fund: Local Pension Board, Pensions Committee and Investment Sub Committee.</p> <p>Full Council will receive a report in March 2017 to distribute appropriate constitutional changes to the governance bodies of the Fund in respect of Asset Pooling.</p>

Managing risk

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Managing the risks associated with the increasing volume and diversity of scheme employers and ensures that these risks are reflected in the funding approach for each scheme employer.	2. 4. 5. 6. 7. 8. 9. 17.	<p>Through the triennial valuation, the funding approach for individual employers is now set using a risk based approach based on employer type, strength of employer covenant and a suitable time horizon for that employer. This now means that riskier employers are required to have a greater level of certainty of reaching a 100% funding level, within an appropriate time frame, than less risky employers.</p> <p>Annually monitor the Funding level of employers with less than 5 employees and/or less than 5 years on admission term or those employers identified through the valuation process as needing close monitoring and adjust the required contribution rates accordingly.</p> <p>Monitor scheme employer's contract end dates to ensure appropriate arrangements are in place and ensure appropriate exit strategies are in place for relevant employers.</p> <p>Review ill health insurance provision.</p>	<p>Progress will be measured by the outcome from the 2019 valuation of the Pension Fund.</p> <p>Provide an update on these activities to the Pension Committee and Local Pension Board on an annual basis with effect from March 2018.</p> <p>Report to be presented to Pension Committee on the findings of the review of ill health insurance provision in June 2017.</p>
Continued maintenance and monitoring of Risk Register in line with the Fund's Risk Strategy.	1. 2. 4. 5.	Officers to review the Risk Register quarterly to ensure risks, risk appetite and mitigations remain relevant making adjustments where necessary.	Pension Committee and Local Pension Board to be presented with a heat map of current risks every other meeting commencing March 2017.

Managing Fund performance – administration

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Monitor and deliver required levels of administration performance for scheme employers and the service.	2. 4. 8. 10.	<p>Provide an update to the Pension Committee and Local Pension Board on the progress made against the LGSS Pensions Service Improvement Plan.</p> <p>Measure performance of scheme employers and the service against the KPIs as published in the Administration Strategy.</p> <p>Use targeted training plans and administrative charges to address poor performing scheme employers.</p> <p>Provide induction programme for new employers to ensure a good level of employer performance.</p>	<p>Progress made against the Service Improvement Plan to be made biannually via the Business Plan Update report.</p> <p>Performance against the KPIs contained in the Administration Strategy will be reported in the quarterly Business Plan Update report along with any remedial action taken.</p>
Monitor and improve stakeholder satisfaction.	2. 12. 4. 13. 8. 14. 10. 15. 11. 16.	<p>The Customer Service Excellence Standard. was awarded in June 2016 with the next full assessment due in 2019. Mini assessments are required each June.</p> <p>Conduct annual scheme employer and scheme member surveys.</p> <p>Participate in the LGSS customer satisfaction survey.</p>	<p>Results of the mini assessment will be reported in the Business Plan Update report.</p> <p>All survey results to be reported in the Business Plan Update report following analysis of results.</p>
Undertake full review of the Administration Strategy to enable a more streamlined approach to managing poor performing employers.	2. 10. 4. 14. 8. 15.	Present the revised draft Administration Strategy to the Local Pension Board in April 2017 for comment and the Pension Committee in June 2017 for approval.	Delivery of the Administration Strategy following a 30 day consultation period with scheme employers.

Ensuring effective communications

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Deliver plain English communications	13.	Review and appropriately amend standard Fund communications to meet Plain English standard and achieve Plain English accreditation for appropriate communications.	Report to the Pension Committee and Local Pension Board via the Business Plan Update report when accreditation has been achieved for specific areas of communications.
Deliver effective and timely communications to scheme members and scheme employers, including collaborating with other LGPS Funds where appropriate.	1. 10. 2. 14. 12. 15. 13.	To review and produce a revised Communications Plan for approval at the March 2018 Pension Committee meeting.	Report on the delivery of communications against the plan via the quarterly Business Plan Update reports.

Maintaining appropriate cash flow

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Ensure employee and employer contributions are received on time for each scheme employer.	16.	Robust monitoring of scheme employers' compliance with the Payment of Employee and Employer Contributions Policy. Reporting to Pensions Committee of policy adherence by employers.	Statistics on levels of scheme employer compliance with the policy will be included in the quarterly Business Plan Update report.
Ensure all overpayments of pension benefits are managed in a cost effective and timely manner.	16.	Manage overpayments in accordance with the Overpayment of Pensions Policy.	Regular updates on the recovery of overpayments of pension payments will be reported via the quarterly Business Plan Update report.

Maintaining long-term fund solvency

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Regularly monitor the funding level.	17.	<p>Hymans Robertson (the Fund's actuary) produce quarterly Navigator reports that detail the funding level at the end of each quarter.</p> <p>Updates on the Funds solvency levels are included in the Investment Sub Committee Investment performance quarterly reports.</p>	A summary of these reports will be provided in the Business Plan Update reports (where timing of receipt of report coincides with the Committee cycle).

Maintaining value for money

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Demonstrate that the Fund is operating in a manner that achieves value for money.	10.	<p>Financial forecasts to be published in the Annual Business Plan and Medium Term Strategy at the beginning of each financial year for the following three years on both the Fund account and investment and administration expenses.</p> <p>The Fund receives quarterly investment performance reports on the Fund's investment performance.</p>	<p>Forecast reporting on the Funds management expenses are reported in the quarterly Business Plan Update reports.</p> <p>Actual performance of the Fund account and management expenses are reported in the Annual Report and Statement of Accounts and presented at the July meeting of the Pension Committee.</p>

Section 5 - Performance Indicators

Detailed below are the Key Performance Indicators that the LGSS Pensions Service will report on during 2017-18 as agreed in the Fund's Administration Strategy.

Function/Task	Indicator	Target
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%
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%
Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%
Arrange for the correct deduction of employee and employer contributions to Pension Fund in a timely manner, providing an associated monthly statement/schedule in a format acceptable to the Administering Authority.	Percentage of employers who pay contributions to the Fund by the statutory deadline of 19 th following the month of deduction.	100%
Provide LGSS Pensions Service with accurate year end information in the prescribed format.	Accurate year end information to be provided for all scheme members by 30 April following contribution year end.	100%
Provide LGSS Pensions Service with all necessary information regarding new starters and hours/weeks per year variations in a format acceptable to the Administering Authority.	Accurate information provided within 10 working days of the relevant calendar month end or within 30 days of commencement/change if earlier where employer automatic enrolment duties apply.	95%
Notify the employer and scheme members of changes to the scheme rules.	Within one month of the LGSS Pensions Service being informed of the change.	95%
Issue annual benefit statements to active members as at 31 March each year.	By the following 31 August (pending timely receipt of satisfactory year end data from the scheme employer).	100%

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 12 April 2017

Report by: Head of Pensions

Subject:	Cambridgeshire Pension Fund Risk Register
Purpose of the Report	To present the Cambridgeshire Pension Fund Risk Register to members of the Pension Fund Board.
Recommendations	The Pension Board are asked to note the attached Cambridgeshire Pension Fund Risk Register located in the appendix to this report
Enquiries to:	Name – Joanne Walton – LGSS Pensions Governance and Regulations Manager Tel – 01604 367030 E-mail – jwalton@northamptonshire.gov.uk

1. Background

- 1.1 Good governance ensures that the Fund has an appropriate Risk Register in place supported by an appropriate Risk Strategy outlining the Fund's approach to managing risk. It is also a requirement of the Pensions Regulator's code of practice on the governance and administration of public service pension schemes to have in place a Risk Register which is regularly reviewed.
- 1.2 In March 2016 the Pension Committee approved the Fund's Risk Strategy that outlined the risk philosophy, how risk management is implemented and the responsibilities, procedures and internal controls to ensure risks are identified, analysed, controlled and monitored effectively. The Pension Fund Board were presented with the draft risk register in July 2016 for recommendations and the Pensions Committee subsequently approved the Risk Register in October 2016. The Pensions Committee retains ultimate control and responsibility of risks facing the Fund.

2. Purpose of the heat pad

- 2.1 The heat pad is designed to be a visual tool in assessing and monitoring the Fund's risks. The first version is demonstrated in appendix 1 of this report and is populated with the risks agreed at the October 2016 Pension Committee meeting. The risks have been reviewed in January 2017 by Officers of the Fund to ensure they remain effective and the heat pad in its current form shows the starting position of the risks facing the Fund.

- 2.2 The heat pad is used to track risk movements and identify new risks. As the risk register is updated it will clearly identify changes to the severity of each risk from its former risk rating.

3. Heat Pad Analysis findings

3.1 Governance risk findings

- 3.1.1 There are 18 key risks associated with the governance of the Fund. Of these 18 risks and in line with the likelihood and impact scoring in the Risk Strategy, there are two appearing as an amber risk status as follows –
- Those charged with the governance of the Fund and Scheme are unable to fulfil their responsibilities effectively; and
 - Failure by the Fund or employers to meet requirements (including statutory requirements) to ensure members are not disadvantaged.
- 3.1.2 These risks, even with relevant controls in place remain as a major impact as the consequences could be significant to the Fund.

3.2 Funding and Investment risk findings

- 3.2.1 There are 17 key risks associated with Funding and Investment. Of these 17 risks, the heat pad demonstrates that there are five appearing as an amber risk status as follows –
- Contributions to the Fund are not received on the correct date and for the correct amount;
 - Investment decisions and portfolio management may not maximise returns or be performed in accordance with instructions provided;
 - Fund assets are not sufficient to meet obligations and liabilities as they become payable;
 - Failure to respond to changes in economic conditions; and
 - Mismatch in asset returns and liability movements result in increased employer contributions.
- 3.2.2 There is one risk appearing at a red risk status as follows –
- Market yields move at variance with actuarial assumptions resulting in increases in liability, reduced solvency levels and increased employer contribution rates.
- 3.2.3 These risks should be closely monitored as they are not able to be mitigated to a desired level as they are dependent on employers and market conditions which are external factors.

3.3 Administration and Communication risk findings

- 3.3.1 There are 19 key risks under the category of Administration and Communication. Of these 19 risks, the heat pad demonstrates that there are three appearing in the amber risk status as follows –

- Failure to manage the resources associated with increasing volumes of employing bodies entering the Fund, leading to unachieved targets;
- Employers unable to pay increased contribution rates, which could lead to employers defaulting on their contributions; and
- Failure to include all required information in documents issued to members under disclosure regulations.

3.3.2 The first two risks need to be monitored due to their reliance on external factors and the third risk remains high impact due to the significance to the Fund if disclosure regulations were not met.

4. Conclusion

4.1 There are 54 key risks facing the Fund and of these 11 are either an amber or red risk status meaning that both the Pensions Committee and Pension Fund Board are required to monitor these more closely. These risks are largely the ones where the Fund is reliant on a third party or market conditions which are more difficult to control.

5. Next Steps

5.1 The Pension Fund Board will be presented with the analysis model on a yearly basis or prior if a risk has had a significant change or a substantial risk has been added. Upon these reviews the heat pad will demonstrate the movements in risks during the review period and will highlight to the Pension Fund Board the areas of concern and recommendations can be provided to the Pensions Committee.

6. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. Objective 1
Continually monitor and measure clearly articulated objectives through business planning Objective 4
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. Objective 5
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. Objective 10

7. Finance & Resources Implications

7.1 There are no financial and resource implications associated with this risk register.

8. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
None	A risk register highlights areas of concern and allows for appropriate mitigations to be put in place.	Green

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

Risk	Risk Rating
If the Fund does not monitor and report risks the Fund will not demonstrate that it has appropriate control over the management of the risks that the Fund faces.	Red

8. Communication Implications

Website	The Fund will keep the Pensions Committee and the Local Pensions Board updated with changes to the risks.
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9. Legal Implications

9.1 Not applicable

10. Consultation with Key Advisers

10.1 AON Hewitt, the Fund's Governance Adviser provided the Risk Register model.

12. Alternative Options Considered

12.1 Not applicable

13. Background Papers

13.1 Not applicable

14. Appendices

14.1 Appendix 1 – Risk Register Heat Pad Model Results (Governance, Funding and Investment and Administration and Communication)

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Deputy Head of Pensions?	Mark Whitby – 20 March 2017

Administration and Communication

Impact	Administration & Communication Risks					
1					11	
2			3 4	10 9 1 8 13	2 5 14	
3				17 15 18 16		
4			7	6		
5				12	19	
	5	4	3	2	1	Likelihood

Key

1 Insignificant	5	4	3	2	1
2 Minor	10	8	6	4	2
3 Moderate	15	12	9	6	3
4 Major	20	16	12	8	4
5 Catastrophic	25	20	15	10	5
	5 Almost Certain	4 Likely	3 Possible	2 Unlikely	1 Rare

Potential impact if risk occurred

Likelihood of risk occurring

New risk: **Risk moved since last update:** ----->

In accordance with the Cambridgeshire Pension Fund Risk Policy, information relating to the ongoing monitoring and management of risks will be provided on a quarterly basis to the Cambridgeshire Pension Fund Committee and the Pension Board . The information relating to the key risks, new risks , movement of risks and changes to agreed actions is included in each Update report.

Administration & Communication Risks Summary

Risk no:	Risk	Strategic objective at risk (see key)	Risk category	Impact (see key)	Likelihood (see key)	Risk Status	Internal controls in place	Further Action?	Owner	Last Updated	Previous Impact	Previous Likelihood	Previous Risk Status	Risk removed (date)
Key Risks (ranked 8 or above):														
6	Failure to manage the resources associated with increasing volumes of employing bodies entering the Fund, leading to unachieved targets.	8	Administration	4	2		Continually monitor staffing position against new employers entering the Fund, multi skilled staff to help manage peak demands.		Operations	30/01/2017				
7	Employers unable to pay increased contribution rates, which could lead to employers defaulting on their contributions.	9	Administration	4	3		Review of employer covenant, looking at the terms of the admission agreement and bond/guarantor arrangements. Negotiate terms of deficit recovery whilst keeping employer contribution rates as stable and affordable as possible.		Operations	30/01/2017				
12	Failure to include all required information in documents issued to members under disclosure regulations	14	Administration	5	2		Legislation officers keep up to date with disclosure regulations and distribute knowledge to teams accordingly via relevant websites, seminars and working groups. Letters are generated through task management for consistency and are checked before being sent out.		Operations	30/01/2017				
New Risks:														
1	Failure to protect the Fund if an Employer is unable to meet liabilities	6&7	Administration	2	2		Bond and guarantor arrangements in place for new admitted bodies. Admitted bodies, Scheme employer and bulk transfer policy detailing specific requirements of each type of employer in the Fund. Funding Strategy Statement.		Operations	30/01/2017				
2	Administering authority unaware of structural changes in an employer's membership, or not being advised of an employer closing to new entrants, meaning the contribution level becomes inappropriate requiring review and increase.	6	Administration	2	1		Employers are made aware of their responsibilities upon admission via the LGSS website and through direct employer communications. Risk assessments are carried out and open dialogue with the dedicated employer's team to ensure information is shared.		Operations	30/01/2017				
3	An employer ceasing to exist with insufficient funding, adequacy of bond or guarantee. Without the required cover the Fund will pick up the shortfall leading to increased contribution rates for other employers.	7	Administration	2	3		Assess the strength of individual employer covenant in conjunction with the actuary and look at what bond/guarantor arrangements are in place in regards to deficit recovery. Close liaison with Employers in managing exit strategy in line with the Admitted bodies, Scheme employers and transfer policy and FFS. Ensure individual employers are monitored closely to pre-empt when they are likely to cease and put in arrangements to recover as much deficit as possible over the period.		Operations	30/01/2017				
4	Lack of understanding of employer responsibilities which could result in a statutory deadline being missed.	8	Administration	2	3		Employers are made aware of their responsibilities upon admission via the LGSS website and through direct employer communication. The importance of a statutory deadline is stressed to the employer through these communications and via events such as the employer forums. Support is also available through the dedicated employers help line and templates issued where applicable (i.e. Year-end template with supporting notes)		Operations	30/01/2017				
5	Failure to apply and demonstrate fairness in the differentiated treatment of different fund employers by reference to their own circumstances and covenant.	9	Administration	2	1		At each triennial actuarial valuation an analysis is carried out to access covenant and affordability on a proportional basis. Communication with employers at the earliest opportunity to address any pending issues. Funding Strategy Statement for which employers are consulted on. Administration Policy and Transfer, Scheme Employers and Bulk Transfer Policy in operation.		Operations	30/01/2017				
6	Failure to manage the resources associated with increasing volumes of employing bodies entering the Fund, leading to unachieved targets.	8	Administration	4	2		Continually monitor staffing position against new employers entering the Fund, multi skilled staff to help manage peak demands.		Operations	30/01/2017				
7	Employers unable to pay increased contribution rates, which could lead to employers defaulting on their contributions.	9	Administration	4	3		Review of employer covenant, looking at the terms of the admission agreement and bond/guarantor arrangements. Negotiate terms of deficit recovery whilst keeping employer contribution rates as stable and affordable as possible.		Operations	30/01/2017				

Risk no:	Risk	Strategic objective at risk (see key)	Risk category	Impact (see key)	Likelihood (see key)	Risk Status	Internal controls in place	Further Action?	Owner	Last Updated	Previous Impact	Previous Likelihood	Previous Risk Status	Risk removed (date)
8	Failure to gain efficiencies through joint working arrangements leading to higher administration costs, leading to lack of value for money.	10	Administration	2	2		Working within LGSS where possible to achieve efficiencies. Working with the Communication group consisting of 6 other funds to gain efficiencies with items such as newsletters and statements. Comparisons are made with other Funds via CIPFA bench marking. Administration costs are monitored closely and reported to the pensions committee via business plan updates.		Operations	30/01/2017				
9	Unable to deliver pension services due to unavailability of staff leading to unachieved targets.	8	Administration	2	2		Business continuity plan in place which includes the ability for staff to work remotely to meet the demands of the service. Multi skilling across the service for flexibility.		Operations	30/01/2017				
10	Effective performance management is not in place for the administration of the Fund	1,2,3&8	Administration	2	2		Performance management reports are produced and shared with the management team on a monthly basis. Teams/individuals with performance issues are addressed via team leaders in 1:1s and PADP processes. A performance framework is in place and quarterly updates of performance are provided to the Pensions Committee and Local Pension Board for comment. Employer performance is also monitored and poor performance is addressed.		Operations	30/01/2017				
11	Inconsistencies in delivery due to failure to properly document processes and procedures	13	Administration	1	1		Task management ensures that processes are adhered to and officers are guided to ensure correct information is sent and messages are consistent. All calculations and corresponding letters are checked before they leave the office.		Operations	30/01/2017				
12	Failure to include all required information in documents issued to members under disclosure regulations	14	Administration	5	2		Legislation officers keep up to date with disclosure regulations and distribute knowledge to teams accordingly via relevant websites, seminars and working groups. Letters are generated through task management for consistency and are checked before being sent out.		Operations	30/01/2017				
13	Contributions are not processed and recorded appropriately in a timely manner.	2,10,11&16	Administration	2	2		Sufficient resources in place and structured appropriately to carry out the necessary transaction processing. Internal Audit reviews take place on a regular basis and external audit reviewing processes annually		Operations	30/01/2017				
14	Failure to recognise the needs/requirements of our customers	15	Administration	2	1		Feedback requested from customers post training events, member customer satisfaction questionnaires and employer customer satisfaction questionnaires sent annually. Employer forum workshops. Effectiveness review of the Committee on a yearly basis.		Operations	30/01/2017				
15	Failure to attract and retain members in the LGPS	12	Administration	3	2		Engagement with stakeholders via the website, factsheets, forums, bulletins and road shows.		Operations	30/01/2017				
16	Failure to communicate adequately with scheme members and scheme employers	1,2,3,10,12,13,14&15	Administration	3	2		A communication Strategy is in place and reviewed at least annually. Website regularly updated. Newsletters are published annually. Regular employer forums. Annual Benefit Statements produced and distributed.		Operations	30/01/2017				
17	Events relating to Scheme members e.g. Joining the scheme, transfers in and out and retirements are not processed and recorded adequately.	10,11&14	Administration	3	2		Procedure notes detailing all key processes are in place. Induction and training procedures are in place. Adequate staff resources are in post. An overview of pension administration is provided to the Pensions Committee.		Operations	30/01/2017				
18	Records are not accurate or do not reflect changes in circumstances.	10&11	Administration	3	2		Records are supported by appropriate documentation, input and output checks are undertaken. Regular reviews of data quality in line with the Public Service Pensions (Record keeping and misc. amendments) Regulations 2014.		Operations	30/01/2017				
19	Pension Fund systems and data may not be secure and appropriately maintained.	10&11	Administration	5	1		System user controls are in place including regular password changes. Access rights are controlled. Data is backed up. Audit trails are in place. Pension system is protected against viruses and other system threats. The pensions administration system is regularly updated to ensure LGPS requirements are met.		Operations	30/01/2017				
Removed Risks:														
None														
Key Changes (moved by 3 or more):														
None														

Funding and Investment

Impact	Funding & Investment Risks (includes accounting and audit)																																									
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Funding & Investment (Including Accounting & Audit) Risks Summary

Risk no:	Risk	Strategic objective at risk (see key)	Risk category	Impact (see key)	Likelihood (see key)	Risk Status	Internal controls in place	Further Action?	Owner	Last Updated	Previous Impact	Previous Likelihood	Previous Risk Status	Risk removed (date)
Key Risks (ranked 8 or above):														
1	Contributions to the Fund are not received on the correct date and for the correct amount.	1,8,9,&16	Asset/Investment	4	2		Employer contributions are set as stable as possible and the Fund works with employers closely to ensure pragmatic solutions if an employer is unable to pay monthly contributions .Cash Management Strategy is in place. A procedure is in place to identify non-payment and late payment of contributions as defined in the Late Payment Policy. Internal Audit reviews take place on a regular basis and external audit review the accounts annually.		Funding/Investments	30/01/2017				
3	Investment decisions and portfolio management may not maximise returns or be performed in accordance with instructions provided.	1,2,3&19	Asset/Investment	4	2		The ISC receives quarterly performance reports provided by recognised industry professional, this considers both strategic and operational aspects of investment. In addition officers in partnership with Fund advisers manage an asset allocation review plan, reported to ISC in quarterly meetings.		Funding/Investments	30/01/2017				
5	Fund assets are not sufficient to meet obligations and liabilities as they become payable.	2,16,17&19	Asset/Investment	5	2		Investments are regularly valued by Investment Managers and provided to the Fund. Quarterly updates are provided to the Investment Sub Committee. The ISC receives quarterly performance reports provided by recognised industry professional, this considers both strategic and operational aspects of investment. In addition officers in partnership with Fund advisers manage an asset allocation review plan, reported to ISC in quarterly meetings. Funding Strategy Statement reviewed every 3 years to ensure it remains relevant.		Funding/Investments	30/01/2017				
7	Failure to respond to changes in economic conditions	15&16	Asset/Investment	4	3		To consider economic conditions impacting on Investments by regular engagement with Investment industry professionals, highlighting issues arising in the Funds quarterly investment monitoring reports, provided by recognised industry professionals, which considers both strategic and operational aspects of investment. Officers in partnership with Fund advisers, undertake asset allocation strategy reviews, on a triennial basis or more frequently should the need arise, which considers economic conditions and the various key risks of investing in a long term strategy, mindful of relevant investment regulations.		Funding/Investments	30/01/2017				
11	Mismatch in asset returns and liability movements result in increased employer contributions	18	Asset/Investment	2	4		The Fund undertakes a comprehensive asset allocation review following the completion of a valuation process to ensure matching of assets and liabilities is reviewed.		Funding/Investments	30/01/2017				
16	Market yields move at variance with actuarial assumptions resulting in increases in liability, reduced solvency levels and increased employer contribution rates	18	Asset/Investment	4	4		The ISC receives quarterly performance reports provided by recognised industry professional, this considers both strategic and operational aspects of investment. In addition officers in partnership with Fund advisers manage an asset allocation review plan, reported to ISC in quarterly meetings. Quarterly performance reports are provided to the Pensions Investment Sub Committee.		Funding/Investments	30/01/2017				
New Risks:														
1	Contributions to the Fund are not received on the correct date and for the correct amount.	1,8,9,&16	Asset/Investment	4	2		Employer contributions are set as stable as possible and the Fund works with employers closely to ensure pragmatic solutions if an employer is unable to pay monthly contributions .Cash Management Strategy is in place. A procedure is in place to identify non-payment and late payment of contributions as defined in the Late Payment Policy. Internal Audit reviews take place on a regular basis and external audit review the accounts annually.		Funding/Investments	30/01/2017				

2	Custody arrangements may not be sufficient to safeguard Pension Fund assets	1,2,&3	Asset/Investment	5	1	Complete and authorised agreements are in place with external custodian. External custodian's compliance with ICAEW's Audit and Assurance Faculty's guidance on internal controls of service organisations. Officers of the Fund engage in quarterly monitoring of custodian performance with an annual report presented to the July Pensions Committee by an external monitoring professional. Monitoring of the custodian.		Funding/Investments	30/01/2017					
3	Investment decisions and portfolio management may not maximise returns or be performed in accordance with instructions provided.	1,2,3&19	Asset/Investment	4	2	The ISC receives quarterly performance reports provided by recognised industry professional, this considers both strategic and operational aspects of investment. In addition officers in partnership with Fund advisers manage an asset allocation review plan, reported to ISC in quarterly meetings.		Funding/Investments	30/01/2017					
4	Failure to invest surplus contributions	16,17&19	Asset/Investment	2	2	Cash flow monitoring and rebalancing is undertaken with tolerances set on material variances on allocation, circa 5% with an annual perspective preferred to avoid short term volatility and unnecessary cost. Review of the policy is pending the approval of the Funds Investment Strategy Statement, now planned for March 2017, following government slippage in issuing the revised investment regulations. Cash Management Policy in place.		Funding/Investments	30/01/2017					
5	Fund assets are not sufficient to meet obligations and liabilities as they become payable.	2,16,17&19	Asset/Investment	5	2	Investments are regularly valued by Investment Managers and provided to the Fund. Quarterly updates are provided to the Investment Sub Committee. The ISC receives quarterly performance reports provided by recognised industry professional, this considers both strategic and operational aspects of investment. In addition officers in partnership with Fund advisers manage an asset allocation review plan, reported to ISC in quarterly meetings. Funding Strategy Statement reviewed every 3 years to ensure it remains relevant.		Funding/Investments	30/01/2017					
6	Pension Fund Investments may not be accurately valued	2,10,17&18	Asset/Investment	2	2	Investment strategy in accordance with LGPS investment regulations. The strategy is documented, reviewed and approved by the Pensions Committee. An external advisor provides specialist guidance to Officers on the investment strategy. Officers of the Fund engage in quarterly monitoring of custodian performance with an annual report presented to the July Pensions Committee by an external monitoring professional. Monitoring of the custodian, Where variances between custodian and manager valuations arise officers engage with both parties to investigate and agree variances. This is particularly important in the year end process where external audit review processes and values, reporting material variances where necessary.		Funding/Investments	30/01/2017					
7	Failure to respond to changes in economic conditions	15&16	Asset/Investment	4	3	To consider economic conditions impacting on Investments by regular engagement with Investment industry professionals, highlighting issues arising in the Funds quarterly investment monitoring reports, provided by recognised industry professionals, which considers both strategic and operational aspects of investment. Officers in partnership with Fund advisers, undertake asset allocation strategy reviews, on a triennial basis or more frequently should the need arise, which considers economic conditions and the various key risks of investing in a long term strategy, mindful of relevant investment regulations.		Funding/Investments	30/01/2017					

8	Pension Fund accounts are not accurately maintained	2&10	Asset/Investment	1	1		The Fund has a service wide engagement on ensuring the individual employer accounts are accurately reflected. Contributions are reconciled against employer monthly reports and the bank account, which is subject to both internal and external audit review as part of the year end process. In addition the Systems and Employers team conduct membership year end reconciliation in the late summer / autumn and investigate variations from the accounting valuations. In terms of pensioner payroll the service is implementing a new process to stream line and provide additional assurance over pensioner payments made. Management and administration are maintained in accordance with the SORP and the Financial Regulations. Reconciliations are carried out on a regular basis. There is an internal and external review of the accounts annually.		Funding/Investments	30/01/2017					
9	If liquidity is not managed correctly, assets may need to be sold at unattractive times or investment opportunities missed as cash is unavailable		17 Asset/Investment	2	2		Limit on illiquid assets and diversification of assets and asset risk is under regular review, currently alternative investments are being considered in particular the role they play to support Fund fiduciary objectives. Projections of expected cash flows through business planning. The Fund considers cash flow over a three year profile, currently indicating a cash flow positive position; officers are monitoring the impact of structural changes with employers in the Fund and will report in due course. In addition the triennial valuation considers the longer term perspective, the 2016 valuation is ongoing.		Funding/Investments	30/01/2017					
10	Illiquidity of certain markets and asset classes and difficulty in realising investments and paying benefits as they fall due.	16,17&18	Asset/Investment	2	2		Limit on illiquid assets and diversification of assets and asset risk is under regular review, currently alternative investments are being considered in particular the role they play to support Fund fiduciary objectives. Projections of expected cash flows through business planning. The Fund considers cash flow over a three year profile, currently indicating a cash flow positive position; officers are monitoring the impact of structural changes with employers in the Fund and will report in due course. In addition the triennial valuation considers the longer term perspective, the 2016 valuation is ongoing.		Funding/Investments	30/01/2017					
11	Mismatch in asset returns and liability movements result in increased employer contributions		18 Asset/Investment	2	4		The Fund undertakes a comprehensive asset allocation review following the completion of a valuation process to ensure matching of assets and liabilities is reviewed.		Funding/Investments	30/01/2017					
12	Frequency of early retirement's increases to levels in excess of the actuarial assumptions adopted, resulting in increases required in employers' contributions.		18 Asset/Investment	1	1		Regular monitoring of early retirement experience being exhibited by the actuary based on evidential analysis with regular communications with employers, including awareness of potential strain costs associated with early retirement decisions. In addition a survey with employers to seek future staff resource feedback to inform a review of funding implications and actions that could be considered to mitigate. Money received upfront for employers and Ill Health Insurance in place.		Funding/Investments	30/01/2017					
13	Mortality rates continue to increase, in excess of the allowances built into the evidence based actuarial assumptions, resulting in increased liabilities, reduced solvency levels and increased employer contributions.		18 Asset/Investment	2	2		Monitoring of mortality experience factors being exhibited by the fund members by fund actuary and consequent variation of the actuarial assumptions based on evidential analysis. Club Vita looks at local level mortality rates to gain a more accurate picture.		Funding/Investments	30/01/2017					
14	Unanticipated onset of cash flow negative position, potentially requiring as hoc repositioning of assets		19 Asset/Investment	2	1		See responses above, in particular employer survey and cash flow monitoring processes, including annual business plan and medium term strategy report. Regular monitoring and the ability to change Fund Investment Strategy when appropriate.		Funding/Investments	30/01/2017					
15	Failure to act upon expert advice or risk of poor advice	17,18,19&20	Asset/Investment	2	2		Investment consultants and independent advisors appointed. Committee decisions and oversight by the Local Pension Board.		Funding/Investments	30/01/2017					
16	Market yields move at variance with actuarial assumptions resulting in increases in liability, reduced solvency levels and increased employer contribution rates		18 Asset/Investment	4	4		The ISC receives quarterly performance reports provided by recognised industry professional, this considers both strategic and operational aspects of investment. In addition officers in partnership with Fund advisers manage an asset allocation review plan, reported to ISC in quarterly meetings. Quarterly performance reports are provided to the Pensions Investment Sub Committee.		Funding/Investments	30/01/2017					

17	Pay and consumer price inflation significantly different from actuarial assumptions resulting in increases required in employer's contributions.	9&17	Asset/Investment	2	2	<div></div> Analyse assumptions and actual experience through triennial valuations, ensure assumptions are appropriate. Early engagement with employers.	Funding/Investments	30/01/2017			
Removed Risks:											
None											
Key Changes (moved by 3 or more):											
None											

	Governance Risks					Impact	Funding & Investment Risks (includes accounting and audit)																																																				
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Governance Risks Summary

Risk no:	Risk	Strategic objective at risk (see key)	Risk category	Impact (see key)	Likelihood (see key)	Risk Status	Internal controls in place	Further Action?	Owner	Last Updated	Previous Impact	Previous Likelihood	Previous Risk Status	Risk removed (date)
Key Risks (ranked 8 or above):														
2	Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively.	2 & 3	Resource/Skill	4	2		Knowledge Management Policy is in place which requires the Pensions Committee/Sub Committee and Board members to receive continuing training. New members receive induction training. The Fund subscribes to relevant professional bodies such as LAPFF & PALSA and sends representatives to major conferences.		Governan ce Team	30/01/2017				
17	Failure by the Fund or Employers to meet requirements (including statutory) to ensure members are not disadvantaged.	8	Resource/Skill	4	2		Key Performance Indicators for both the Fund and Employers which are reported to management on a monthly basis and Committee on a quarterly basis. Service Level Agreements in place with some employers to ensure expectations are documented. LGSS website holds a wealth of information regarding responsibilities as do other websites such as the DCLG.		Governan ce Team	30/01/2017				
New Risks:														
1	Failure to administer the scheme in line with regulations and policies	1,2, & 3	Regulatory/Compli ance	4	1		Administration and Communication Policy, up to date knowledge through various sources such as SAB and DCLG. Up to date training and attendance at conferences. Receipt of professional bulletins and publications. Attendance at working groups such as EMPOG/SEC SOG. Work with external governance advisors where appropriate.		Governan ce Team	30/01/2017				
2	Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively.	2 & 3	Resource/Skill	4	2		Knowledge Management Policy is in place which requires the Pensions Committee/Sub Committee and Board members to receive continuing training. New members receive induction training. The Fund subscribes to relevant professional bodies such as LAPFF & PALSA and sends representatives to major conferences.		Governan ce Team	30/01/2017				
3	Production of incorrect accounts, notices and publications	1 & 2	Resource/Skill	3	1		Robust sign off process in place dependent upon the document (AR/SOA/Communications)		Governan ce Team	30/01/2017				
5	Policies and Strategies not being in place and up to date	1& 2	Regulatory/Compli ance	2	2		Policies and strategies in place and on the LGSS Pension website, new policies developed when appropriate and all policies and strategies are reviewed on at least a yearly basis.		Governan ce Team	30/01/2017				
6	Failure to recognise/manage conflicts of interest	2 & 10	Resource/Skill	2	2		Declaration of interests at the beginning of each meeting for non-County Councillor members. County Councillor declaration register held by Democratic Services. Conflicts of interest Policy & training to ensure Committee and Board members are aware of potential conflicts and how to deal with them (Pension Regulator Tool Kit covers this)		Governan ce Team	30/01/2017				
7	Risk of manual changes when producing management reports leading to lack of audit trail	2 & 10	Administration	2	2		Automated extraction of data where viable and agreed procedures for reporting		Governan ce Team	30/01/2017				
8	Potential fraudulent activity by staff	2 & 10	Resource/Skill	5	1		Robust checking system in place, log in security, Altair multiple log in requirements, locked records for pension staff, pension staff not authorised to access family/friends records		Governan ce Team	30/01/2017				
9	Potential fraudulent activity by scheme members	2 & 10	Administration	3	2		National Fraud Initiative participation, investigation of returned payroll slips, sight of certificates before payments made, few cheque payments made.		Governan ce Team	30/01/2017				
10	Lack of knowledge amongst Committee and Board members due to high turnover	3	Resource/Skill	3	2		Knowledge Management Policy in operation which includes compliance with the CIPFA Knowledge and Skills Framework, attendance at internal/external training events and engagement with peer group.		Governan ce Team	30/01/2017				
11	Failure of succession planning for key roles on the Committee and Board leading to the inability to pick up work if a member is sick/leaves	3	Resource/Skill	2	2		Knowledge Management Policy in operation which includes compliance with the CIPFA Knowledge and Skills Framework, attendance at internal/external training events and engagement with peer group.		Governan ce Team	30/01/2017				
12	Failure of officers to maintain a sufficient level of competence to discharge their duties	3	Resource/Skill	2	2		Internal training upon appointment, ongoing internal and external training courses/seminars, professional qualifications.		Governan ce Team	30/01/2017				

Risk no:	Risk	Strategic objective at risk (see key)	Risk category	Impact (see key)	Likelihood (see key)	Risk Status	Internal controls in place	Further Action?	Owner	Last Updated	Previous Impact	Previous Likelihood	Previous Risk Status	Risk removed (date)
13	Changes to the Local Government Pension Scheme and lack of expertise in the revised/new area	3	Regulatory/Compliance	2	2		Knowledge Management Policy in operation, the use of advisors where deemed applicable to provide relevant information and recommendations on particular areas.		Governance Team	30/01/2017				
14	Failure to have formal monitoring of Key Performance Indicators in place leading to officers being unable to produce accurate performance management reports.	5	Administration	2	2		Automated extraction through Altair which is reported at monthly management meetings and at quarterly Committee meetings. Also reported to teams at 1:1 meetings to address any performance issues.		Governance Team	30/01/2017				
15	Pension Fund objectives are not defined and agreed	4	Resource/Skill	2	2		Objectives are agreed as part of the Annual Business Plan and Medium Term Strategy by the Pensions Committee. Relevant objectives are referenced on every committee report to demonstrate the relevance of the report against the Fund objectives. The objectives also run through all our Policy documents to ensure they remain focused to the Funds goals		Governance Team	30/01/2017				
16	Failure to understand and monitor risk and compliance	5	Resource/Skill	3	2		Business Continuity plan in place and regularly tested. Active risk register in place, the Committee and Board are updated if there are any risk movements between scheduled reporting timescales.		Governance Team	30/01/2017				
17	Failure by the Fund or Employers to meet requirements (including statutory) to ensure members are not disadvantaged.	8	Resource/Skill	4	2		Key Performance Indicators for both the Fund and Employers which are reported to management on a monthly basis and Committee on a quarterly basis. Service Level Agreements in place with some employers to ensure expectations are documented. LGSS website holds a wealth of information regarding responsibilities as do other websites such as the DCLG.		Governance Team	30/01/2017				
18	Failure to act professional when dealing with stakeholders leading to lack of confidence in the Fund	10	Resource/Skill	3	1		Knowledge Management Policy in force to ensure officers have a good level of knowledge and officers are encouraged to undertake a professional qualifications. The section is working towards Customer Excellence accreditation to ensure the core focus is the customer across the service.		Governance Team	30/01/2017				
19	Failure to provide adequate information to the Pension Committee/Pension Board	15	Resource/Skill	2	2		Committee Papers provided on a quarterly basis providing key information relating to the Fund. Yearly effectiveness reviews for Committee members are carried out to identify if any changes need to be made by officers when communicating information to the Committee.		Governance Team	30/01/2017				
Removed Risks:														
Key Changes (moved by 3 or more):														
None														

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 12 April 2017

Report by: HEAD OF PENSIONS

Subject	Investment Strategy Statement
Purpose of the Report	To present the Investment Strategy Statement to the Pension Fund Board.
Recommendations	That the Pension Fund Board: 1. Note the contents of the report
Enquiries to	Name: Paul Tysoe Tel: 01604 368671 Email: PHTysoe@northamptonshire.gov.uk

1. Background

- 1.1 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("the Regulations") came into force on 1st November 2016 and revoke The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009(b) and The Local Government Pension Scheme (Management and Investment of Funds) (Amendment) Regulations 2013(c).
- 1.2 The Regulations set out the requirement for the preparation and publication of the Fund's Investment Strategy Statement by no later than 1st April 2017.
- 1.3 The Investment Strategy Statement ("ISS") is a living document which will evolve as the Fund reviews its strategy and asset allocation as a result of the funding valuation. This will be via a process of consultation and approval by the Pensions Fund Committee over the next 12-18 months.
- 1.4 The ISS is a fund specific document but has drawn upon the agenda of collaboration and will benefit from evolving with pooling colleagues as the asset pooling strategy develops.
- 1.5 The Investment Sub Committee ("ISC") at its meeting on 16 February 2017 reviewed the draft ISS and agreed that it be put forward for approval to the Pension Fund Committee at the 23 March 2017 meeting,

2. Purpose of the report

- 2.1. The purpose of this report is to present the ISS to the Pension Fund Board

3. Key points

- 3.1. The ISS restructures the investment policy documentation of the Fund to comply with current guidelines and regulations.
- 3.2. The ISS contains a high level, dynamic asset allocation structure, which supports the long term focus of institutional investing mitigating the risk of reacting to short term market behaviors.
- 3.3. The asset allocation is structured around three main headings; Equities, Fixed Income and Alternatives. Tolerances are in line with those previously stated in the Statement of Investment Principles but are reported at a headline, rather than specific asset class basis.
- 3.4. Under asset pooling, passive equities will be pooled by summer 2017, with liquid, active assets expected to be pooled by 2021. Illiquid, long dated assets will continue to be managed on fund basis for at least the forthcoming asset allocation cycle.
- 3.5. Environmental, Social and Governance policies are to be stated in line with the Regulations. The Fund's Responsible Investment principles have been set out, and will evolve in line with collaborative efforts to develop a pool wide principles and policies.
- 3.6. The Regulations require that the Fund must consult such persons as it considers appropriate as to the contents of the ISS. Following the approval of the ISC to submit the ISS to the PFC for approval the ISS was published on the Fund's web site and notification sent to all stakeholders such as employers and the Chairman of the Local Pension Board inviting feedback.

4. Next Steps

- 4.1. To develop the work programme for 17/18 to incorporate post valuation review of strategy asset allocation, and to update the Investment Strategy Statement as appropriate.

5. Recommendation

- 5.1 That the Pension Fund Board:

1. Note the contents of the report

6. 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.
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
Put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy.
Maximise investment returns over the long term within agreed risk tolerances.
Ensure an appropriate cash management strategy is in place so that net cash outgoings can be met as and when required.

7. Finance & Resources Implications

7.1 Not applicable.

8. Risk Implications

8.1 Risk(s) associated with the proposal:

Risk	Mitigation	Residual Risk
None		

8.2 Risk(s) associated with not undertaking the proposal:

Risk	Risk Rating
The Fund may not publish its Investment Strategy Statement in line with the Regulations.	Amber

9. Communication Implications

9.1 Not applicable.

10. Legal Implications

10.1 Failure to publish the Fund's Investment Strategy Statement by 1st April 2017 would result in a breach of the Regulations.

11. Consultation with Key Advisers

11.1 This paper has been produced in conjunction with the Fund's Investment Consultants, Mercer.

12. Alternative Options Considered

12.1 Not applicable.

13. Background Papers

13.1 Not applicable.

14. Appendices

14.1 Appendix A – Investment Strategy Statement.

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable.
Will further decisions be required? If so, please outline the timetable here	Not applicable.
Is this report proposing an amendment to the budget and/or policy framework?	No.
Has this report been cleared by Head of Pensions?	Mark Whitby – 21 March 2017

Investment Strategy Statement (Published 1 April 2017)

Introduction and background

This is the Investment Strategy Statement ("ISS") of the Cambridgeshire County Council Pension Fund ("the Fund"), which is administered by Cambridgeshire County Council, ("the Administering Authority"). The ISS is made in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("the Regulations") and supersedes all previously published Statement of Investment Principles.

The ISS has been prepared by the Pension Fund Committee ("the Committee") having consulted on the contents of the Fund's investment strategy with such persons it considers appropriate. The Committee acts on the delegated authority of the Administering Authority.

The ISS, which was approved by the Pension Committee on 23 March 2017, is subject to periodic review at least every three years and without delay after any significant change in investment policy. The Committee has consulted on the contents of the Fund's investment strategy with such persons it considers appropriate.

The Committee seeks to invest in accordance with the ISS, any Fund money that is not needed immediately to make payments from the Fund. The ISS should be read in conjunction with the Fund's Funding Strategy Statement which can be found at

<http://pensions.northamptonshire.gov.uk/wp-content/uploads/2016/12/CambridgeshireFundingStrategyStatement2016.pdf> .

Objectives of the Fund

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. Pensions and benefits will be met by contributions, asset returns and income.

The Pension Fund Committee works to endeavour that, in normal market conditions, all accrued benefits are fully covered by the value of the Fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing.

The Fund is subject to an actuarial review every three years, in preparation for which the Fund, in conjunction with the Fund's Actuary and taking investment advice, prepares a Funding Strategy Statement (FSS) that sets out the strategy to ensure the long-term solvency of the Fund whilst recognising the need for a minimum (where possible and subject to a level of prudence) and, stable level of employer contributions.

Investment Beliefs

The strategy adopted by the Fund is based upon the following investment beliefs:

1. The strategic asset allocation is the key factor in determining the risk and return profile of the Fund's investments and recognises that the Fund is a long-term, open scheme that has an obligation to pay benefits that are linked to inflation. The Committee also takes into account the covenant associated with the Fund's employers in deciding how much risk is appropriate.
2. Asset allocation and specifically the headline amounts invested in equities, fixed income and alternatives, will drive risk and return levels.
3. Investing over the long-term provides opportunities to improve returns.
 - a. Asset classes that return over a reasonably long duration are suitable for this Fund.
 - b. The Fund has a policy of holding managers over the longer-term to reduce the impact of transitions and believes in the benefits of compounded returns.
4. Equities are expected to generate returns above the growth of liabilities over the long-term and have an indirect link to inflation.
 - a. The Fund predominately holds equities due to the belief that they will provide returns above liabilities over the long-term and this helps to ensure that contributions remain affordable.
5. Inflation linked UK Government bonds provide a high degree of liability matching and a direct link to inflation.
 - a. Investments in government bonds are not held for return purposes but are held in order to mitigate the risk that contribution rates need to increase significantly should yields fall.
6. Non-Government bonds are expected to provide a return above governments bonds and can provide some interest rate protection relative to the liabilities.
7. Alternative assets are expected to generate returns above liabilities over the long-term, can have an inflation link, as well as providing diversification benefits.
8. Diversification across asset classes can help to mitigate against adverse market conditions and assist the Fund to produce a smoother return profile due to returns coming from a range of different sources.
9. The Committee favours active management, where there are opportunities for active managers to add value, increasing overall expected return net of fees.
10. Passive strategies provide low cost access to market returns
11. Responsible Investment including Environmental, Social and Governance are important factors for the sustainability of longer term investment returns.
12. Value for money is defined as recognising net return over absolute cost.

Selecting a suitable strategy

The Pension Fund Committee is responsible for the Fund's asset allocation which is determined via a triennial strategy review as part of the valuation process, but is kept under regular review; noting that strategic changes are an evolutionary process.

The triennial review looks at both qualitative and quantitative analysis, covering:

- The required level of return that will mean the Fund can meet its future benefit obligations as they fall due
- The level of risk that the Fund can tolerate in absolute terms, and in relation to its funding level and deficit
- An analysis of the magnitude of the various risks facing the Fund is established in order that a priority for mitigation can be determined

The desire for diversification across asset class, region, sector, and type of security

The Committee utilises a wide range of professional support such as an investment consultant and the Fund's Actuary.

As noted above, the Fund's objective is to pay benefits as they fall due and this requires the build-up of sufficient reserves in advance. The Fund is currently assessed to have a deficit in terms of the reserves needed and so the asset strategy is focused on achieving returns in excess of inflation, without taking undue risk. Having a thorough understanding of the risks facing the Fund is crucial and these are covered later in this statement.

The Fund's current investment strategy is set out below. It should be noted that the Fund is currently undergoing an investment strategy review and although an agreement in principle has been made to increase the allocation to illiquid alternatives, the review has not yet been completed. Set out below therefore is the current position that will likely evolve as part of the forthcoming review.

Asset class	Target allocation %	Tolerances%
UK equities	21.0%	
Overseas equities	43.5%	
Equities	64.5%	59.5% -69.5%
Government Bonds	5.0%	
Non-Government Bonds	7.0%	
Fixed Income	12.0%	9%-15%
Property	11.0%	
Private Equity	5.0%	
Infrastructure	5.0%	
Loans	2.5%	
Alternatives	23.5%	18.5% - 28.5%
Total target Allocation	100%	

The tolerance ranges allow for the long-term natural deviation from the strategic percentage allocation due to differential relative performance of each investment type. Exceeded tolerances will be reported in the quarterly performance report to the Investment Sub Committee.

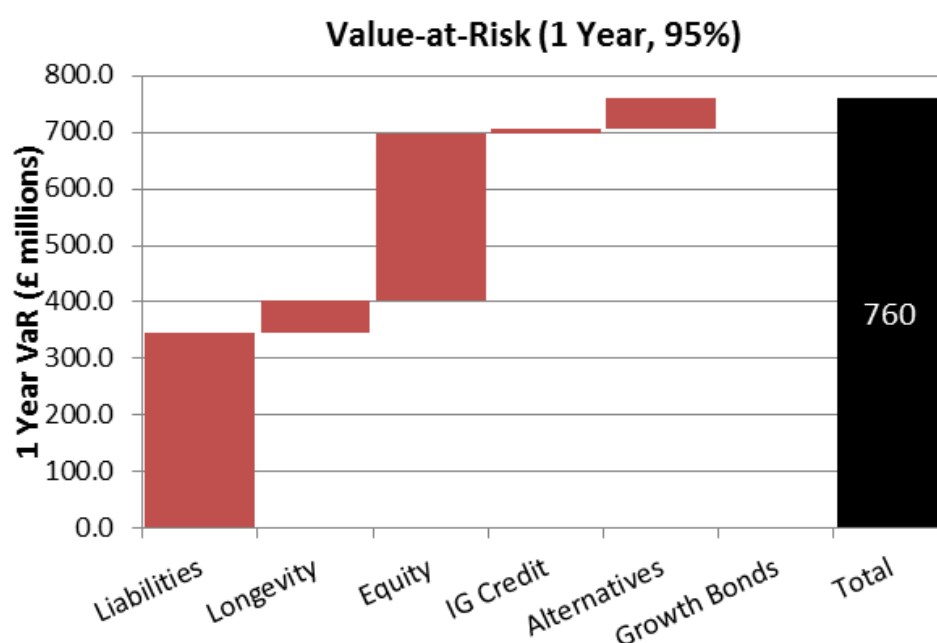
At 31 March 2016, the expected return of this portfolio was 4%per annum. Further details on the Fund's risks, including the approach to mitigating risks, is provided in the following section.

Risks

The Committee assesses risks both qualitatively and quantitatively, with the starting point being the triennial strategy review. Risks are considered, understood and then prioritised accordingly.

Investment Risks

The Committee uses Risk Attribution Analysis to determine the order of magnitude of the main investment risks the Fund is facing. The chart below shows the VaR (Value at Risk, essentially the losses that would occur in a 1-in-20 event) facing the Fund, split into major risk categories.



As an additional illustration of risk, the table below shows how a range of events could impact the Fund:

Event	Event movement	Impact on Deficit
Fall in equity markets	20% fall in equities	£376m
Active Manager underperformance	3% underperformance from all active managers	£61m

As shown in both the Value-at-Risk attribution chart and the table above, the most significant risk that the Fund is running is in relation to interest rates and inflation. It is important to stress that whilst not immaterial, the risks being run by the use of active management is far smaller.

Liabilities (interest rate and inflation) – The largest risk that the Fund faces is in relation to interest rates and inflation. The investment strategy recognises this and looks to increase the

allocation to assets that provide protection against falling rates and rising inflation expectations when affordable to do so, which is considered appropriate in the context of the Fund's position as a long-term investor.

Equities – Should equity market conditions deteriorate significantly this will have a negative impact on the funding level. The Fund holds equities in order to provide the necessary returns to ensure that the Fund remains affordable. The Committee believes that the extra returns that are expected to be generated by equities compensates the level of risk equities bring to the Fund, but does believe in diversification, and looks to mitigate equity risk by investing significantly in bonds and alternatives.

Alternatives – The Fund has a significant amount of assets allocated to a range of alternatives, with allocations to property and private equity, amongst others. The risks that these investments bring at an individual level is not insignificant however the Committee believe that over the long-term alternatives will provide returns that compensate for the risks being run. Additionally the level of diversification the assets provide helps to reduce the Funds reliance on returns from equities. Illiquid assets such as property and private equity are also a valuable source of income.

The Fund's portfolio is well diversified across asset classes, geography and asset managers. As different asset classes have varying correlations with other asset classes, the Fund by investing in a range of different investments can minimise the level of risk run to a degree.

Passive Manager Risk – This is the simplest style of investment which places monies purely to track indices with the associated risks of following the full effects of both positive and negative market movements benefiting from the most economic of fee rates. This contrasts to active management which is applied to smooth volatility and improve market returns albeit at higher fee rates, the assumption being that the net return after fees is greater than pure passive management.

Active Manager Risk – Active Investment Managers are appointed to manage the Fund's investments on its behalf in the expectation that they will outperform the market but also recognising that their mandates may underperform passive managers. This risk is small relative to other risks; however the Fund still addresses this risk. Extensive due diligence takes place before managers are appointed. The investment managers are also monitored regularly by the Investment Sub Committee, Officers and by the Fund's Advisors. There is a risk is that net performance underperforms a passive arrangement over the long-term.

Liquidity risk – It is recognised that there is liquidity risk in holding assets that are not readily marketable and realisable. Given the long-term investment horizon, the Committee believes that a degree of liquidity risk is acceptable, given the potential for accessing higher returns. The majority of the Fund's assets are realisable at short notice.

Exchange rate risk – This risk arises from unhedged investment overseas. The Committee believes that a long-term investor can tolerate short term fluctuations in currency movements but this policy will be reviewed at the next investment strategy review; particularly with reference to the Fund's equity portfolio.

Demographic Risk

The Fund is subject to a range of demographic risks, but with particular reference to investment strategy, the Committee is aware of the potential for the Fund to mature over time as the pensioner liability increases. A mature pension fund is likely to take less investment risk over time and this is considered at each strategy review. The more mature a pension fund, the more likely it is that investments would need to be realised in order to pay benefits. The Fund is not in that situation at present as cash inflows from contributions and investments are greater than benefit payments. However, this situation is monitored regularly and formally as part of the actuarial valuation and strategy review.

Cashflow Management Risks

The Fund is gradually becoming more mature and although it is cashflow positive after taking investment income, managing cashflow will become an increasingly important consideration in setting the investment strategy.

Governance Risks

The Fund believes that there is a benefit to the Fund to be gained from good governance in the form of either or both of an increased return and/or decreased risk. Poor governance can lead to opportunities and risks to be missed, and have a detrimental effect on the funding level and deficit.

Details of the Fund's governance structure can be found in the [Governance Compliance Statement](#).

ESG Risks

The Fund recognises that effective management of ESG issues can enhance long-term financial performance of investments, and therefore ESG factors should be a feature of investment analysis and management. This aligns with the best interests of the Fund's beneficiaries and is consistent with fiduciary duty.

The Committee believes that engagement is key in relation to strong corporate governance, which in turn will enhance returns. Details of the Fund's policies can be found later in this statement.

Investment of money in a wide variety of investments

The Fund will invest in a range of investments, diversified by type, class, geographical location and market exposure.

Asset classes

The Fund may invest in quoted and unquoted securities of UK and overseas markets including:

- Equities,
- Fixed interest and index linked bonds,
- Cash,
- Property and commodities, either directly or through pooled funds,
- Private Equity,
- Infrastructure,
- Debt,
- Insurance Instruments,

- Contracts for differences and other derivatives either directly or in pooled funds.

The Fund's target investment strategy is set out below. The table also includes the maximum percentage of total Fund value that it will invest in these asset classes. In line with the Regulations, the authority's investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with that authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007".

Factor	Allocation	Inflation linkage	Interest rate sensitivity	Growth	Diversifier (from equities)	Liquidity	Liability Matching
Role	%	Liability management	Liability management	Deficit reduction & affordability	Risk mitigation	Cash flow management	Liability management
UK equities	21.0	Indirect link to inflation over the long-term	N	Y	N	Y	N
Global Equities	43.5	Indirect link to inflation over the long-term	N	Y	N	Y	N
Index Linked Gov't bonds	5.0	Y	Y	N	Y	Y	Y
Non-Gov't Bonds	7.0	N	Y	N	Y	Y	Y
Property	11.0	Indirect link to inflation over the long-term	N	Y	Y	N	N
Private Equity	5.0	Y	N	Y	Y	N	N
Infrastructure	5.0	Y	N	Y	Y	N	Y
Loans	2.5	N	Y	N	Y	Y	N
TOTAL	100.0						
<i>Illiquidity Budget</i>							
<i>Inflation Sensitivity</i>							

Asset Pooling

Cambridgeshire is a member of the ACCESS pool along with the following 10 other pension funds:

East Sussex
Essex
Hampshire
Hertfordshire
Isle of Wight
Kent
Norfolk
Northamptonshire
Suffolk
West Sussex

All eleven funds are committed to collaboratively working together to meet the criteria for pooling and have signed a Memorandum of Understanding to underpin their partnership (will be updated for IAA). ACCESS is working to a project plan in order to create the appropriate means to pool investments. The first investments to be pooled in 2017 will be passively managed investments.

The ACCESS Funds have set out how they meet the pooling criteria, the pool's structure, governance arrangements and services to be shared in the submission made to the Government in July 2016, which is available on ACCESS's website <http://www.accesspool.org/>

All 11 ACCESS funds are working in the expectation that, over time, all investments will be pooled apart from a minority of investments where there is a no value for money benefit to pooling a specific investment as identified and agreed by an individual fund.

Investment pooling is intended to provide the scale that will enable LGPS funds to access lower investment Manager fees and to deliver cost savings. In the pooled investment structure individual funds will remain responsible for their own investment strategy and asset allocation decisions. The pool will be responsible for selecting a suitable number of Investment Managers in order to meet the requirements of all of the funds' investment strategies.

Cambridgeshire will not be pooling an allocation to local alternatives currently consisting of the Cambridge & Counties Bank.

In addition Cambridgeshire will not pool cash held for the efficient administration of the scheme, which is needed to manage cash flow to meet statutory liabilities including monthly pension payroll payments.

Environmental, Social and Governance policy

The Committee considers the financial impact arising from Environmental, Social and Governance ("ESG") risks to be a fiduciary responsibility and an integral part of the risk assessment of any investment. The Committee recognises that effective management of ESG issues can enhance long-term financial performance of investments and seeks to promote this through two key areas:

- **Sustainable investment / ESG factors** – considering the financial impact of environmental, social and governance (ESG) factors on the long-term prospects of investments.

- **Stewardship and governance** – Good governance can enhance the long-term performance of companies, and this is encouraged by the Fund through considered voting of shares, and engaging with investee company management as part of the investment process.

The Committee has directed investment managers to consider the effects of social, environmental and ethical issues on the performance of a company when considering the acquisition, retention or realisation of investments for the Fund.

The Fund recognizes the benefits of working in collaboration with other investors to achieve its aims. The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) which is an initiative that enables the Fund to work with other investors to understand the impacts of ESG considerations on financial performance.

The Fund does not exclude investments in order to pursue boycotts, divestment or sanctions against foreign nations and UK defence industries, other than where formal legal sanctions, embargoes and restrictions have been put in place by the Government.

Voting rights

The Fund believes that good stewardship can enhance long-term portfolio performance, and is in the best interests of the Fund's beneficiaries and aligned with fiduciary duty. The Fund supports the principles of the UK Stewardship Code (the "Code").

The Committee has delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long-term shareholder value. Accordingly, the Fund's investment managers have produced written guidelines of their process and practice in this regard, which is considered as part of the appointment of an investment manager process.

Prepared by:-

Report Author

For and on behalf of Cambridgeshire County Council Pension Fund Committee

