

Annual Business Plan 2014-15

Update 3 - 2014-15 (November 2014)

Welcome to the LGSS Pensions Service Business Plan third update for 2014-15.

This update will provide a progress report on the specific work areas contained within key service challenges of the Annual Business Plan, together with other Pensions Service developments or initiatives.

You will also find in this document:

- Pension Fund news
- Communications with scheme members
- Employee and employer monthly pension contributions
- Regulations and consultations update
- Investments update
- Key service challenges
- Key Performance Indicators
- Forward plan of business.

The intention is to present this information in a concise, meaningful manner and to incorporate information that would have otherwise constituted a report into this regular update. We continue to welcome feedback on the format and layout of this document.

Mark Whitby
Deputy Head of LGSS Pensions Service

Pension Fund news

Vacancy on the Cambridgeshire Pension Fund Board

The process to recruit a replacement representative for All Other Local Authorities, Police and Fire has concluded. We are pleased to announce that Councillor Andrew Fraser of South Cambridgeshire District Council will assume this role.

The substitute for the All Other Local Authorities, Police and Fire Representative is Councillor Roger Harrison of Huntingdonshire District Council.

Local pension board update

A report was presented to the Pension Fund Board in April 2014 detailing the requirement for each administering authority to establish, by 1 April 2015, a local pension board to provide an oversight and compliance of the activities of the Pension Fund Board. Specifically, the local pension board's purpose is to secure compliance with;

- the relevant pension regulations;
- other legislation relating to the governance and administration of the LGPS; and
- the requirements imposed by the Regulator in relation to the LGPS

The Local Pension Board must also help the administering authority to ensure the administration and governance of the LGPS is undertaken effectively and efficiently.

LGSS Pensions Service and LGSS Democratic Services have been working closely together for a number of months to establish the local pension board within the County Council's constitution. We are still waiting for final regulations to be published, indeed, a consultation on the second draft of the regulations recently closed on 21 November (see Appendix 3). However, based on the draft regulations and an assumption that the final regulations will not include any significant changes, we have moved forward on a number of key proposals to be ultimately agreed by full council once final regulations have been issued.

Proposals for membership of the local pension board

- In accordance with the relevant regulations, the membership of the local pension board is comprised of two groups; employer representatives and member representatives. The two groups must be of equal size and must each comprise of at least two members.
- Following discussions between officers from the LGSS Pensions Service and LGSS Democratic Services, it has been proposed that for quorum purposes, the total membership of the new local pension board should be six, with each of the groups identified above taking three seats each.

- It is proposed that the employer's group will be comprised of two county councillors and one representative from another member body. The member representatives will be comprised of three members of the Cambridgeshire Local Government Pension Scheme (LGPS), with preference that one of those members shall represent a recognised trade union. Appointments to the local pension board will be open to all employers and members within the LGPS and will be made via an open and transparent process.

Proposals on the recruitment

- A report setting out the detailed proposals for recruiting local pension board members will be submitted to full council in February/March with recruitment taking place soon afterwards. A delegation to officers will be sought so that, in the event that there are more applicants than places, a competitive process will be used to determine local pension board membership.
- It should be noted that each employer or member representative on the local pension board will potentially represent a significant range of employers or members. The methodology for appointing members must ensure that local pension board members are truly representative. All employers and members within the scheme must have equal opportunity to be nominated for the role of employer or member representative through an open and transparent process.
- In light of the fact that the role of the local pension board is to assist the Council in its capacity as Administering Authority, consideration will have to be given to whom such a delegation is made, with a view to avoiding any potential conflict of interest arising for a councillor or officer charged with exercising delegated powers relating to the LGPS.
- Meetings will be arranged as and when required, but it should be noted that the local pension board is required by statute to meet at least twice a year. Membership is on a voluntary basis but expenses will be paid to cover costs such as travelling. Training will also be provided together with advice and administrative support by the Council.

Proposals for the reporting mechanism for the local pension board

- It is envisaged that the local pension board will report directly to full council (as the administering authority) via an annual report. It is likely that such a report will also be submitted to the Pensions Committee (currently known as the Pension Fund Board) for comment prior to being submitted to full council.
- Reports could also be submitted to individual officers, for example the Chief Finance Officer, the Monitoring Officer or any other officer with authority to exercise powers and duties in relation to the LGPS. Reporting lines could also be established with other bodies and individuals if appropriate.

- The annual report to full council could include:
 - a summary of the work of the local pension board;
 - details of areas investigated by the local pension board and how they have been dealt with;
 - details of any conflicts of interest that have arisen in respect of individual local pension board members and how these have been managed;
 - whether there are any risks or other areas of potential concern which the local pension board wishes to raise with the Council, subject to appropriate legal advice;
 - details of training received and future training needs;
 - the work plan for the last year and a draft of the work plan for the following year; and
 - the details of any expenses and other costs incurred by the local pension board and anticipated expenses for the forthcoming financial year. These costs will be met as part of the administration costs of the Fund.
- It is anticipated that the full council and the Pensions Committee will be asked to comment on the annual report and draft work plan, in order to ensure the local pension board is acting within its terms of reference and in accordance with good governance principles.

Proposed constitutional changes

- The Council has the authority to determine the procedures applicable to its local pension board, including voting rights, the establishment of sub-committees and the payment of expenses. When exercising this power, the Council must do so in accordance with usual local government principles, acting reasonably and within the powers set out in the Regulations.
- Changes to the constitution will be necessary, both to establish the new local pension board and to revise and update the powers and duties of the Pensions Committee itself. The powers and duties of officers to whom functions relating to the LGPS have been delegated will also be reviewed. These changes will be submitted to full council for approval in February/March 2015.

We will continue to update the Cambridgeshire Pension Fund Board as to the progress made on establishing the local pension board, either via the business plan update report or with a full report where appropriate.

Service Level Agreement between LGSS and Cambridgeshire County Council and Northamptonshire County Council

At the April 2014 Pension Fund Board meeting, the board were presented with a draft Service Level Agreement (SLA) written by LGSS. It was agreed by the Board that it was appropriate and good practice to put the service on a more formal service agreement footing, both in relation to the agreement of service standards and also more clarity about the calculation of pension fund charges from LGSS.

However, the Board expressed concern about some of the contents of the SLA. Similar concerns were raised by the Northamptonshire Pension Fund Board and, accordingly, it was agreed to establish a joint Task and Finish Group to review the contents of the SLA and to discuss and agree the key principles as to how the SLA should work.

In June 2014, the Task and Finish Group presented a report at the June Pension Fund Board meeting which set out proposals as to how the SLA could be redrafted to be agreeable to both parties. The content of this report was fed back to the LGSS Management Board.

Work is underway to baseline the fixed cost that would form the basis of the recharge under the SLA. Senior officers have been liaising with the administering authorities to agree the SLA taking into account the considerations of the Task & Finish Group.

Contracting-out and pensioner payroll reconciliation

The ability for a pension scheme to contract-out of the State Second Pension ceases on 6 April 2016. As a result all pension schemes with members who have contracted-out membership must reconcile the data held on their records with the data held by HMRC.

To facilitate the reconciliation process HMRC has provided a Scheme Reconciliation Service. Use of the service is not compulsory, but the reconciliation of member records is. LGSS Pensions Service has registered for access to this service for all the pension schemes under its administration.

The reconciliation will be a very timely and labour intensive process, with accuracy being a key factor to ensure we do not fall short of our own and that of the Pension Regulator's standards on record keeping.

Work is already underway to scope the project and any additional resource requirements. To make effective use of this time, LGSS Pensions Service will also carry out a reconciliation of the data held on our administration platform, Altair with that of the pensioner payrolls administrated by LGSS.

Further information on this significant project will be presented to the Board going forward.

External training and events 2015

The list of regular external training events has been updated for 2015 below. The number of Knowledge Improvement Credits (KICs) is detailed beside each event.

The list of training events will be updated within each business plan update as we become aware of definitive dates and new events. We will also continue to email details of the training events as soon as we are notified where we feel members of the Board will benefit from attending.

Should you wish to attend any of these events please contact Stephen DaCosta (sdacosta@northamptonshire.gov.uk). Please be advised that places on some of these events can be very popular so early notification of your wish to attend is advised.

Date	Event	KICs	Relevant for:
5 February 2015	LAPF Strategic Investment	2	Officers, PFB and ISC Members
Feb 2015	heywoods CLASS User Group	2	Officers
26 – 27 February 2015	LGC Investment Seminar	4	Officers, PFB and ISC Members
18 – 20 May 2015	NAPF Local Authority Conference	4	Officers, PFB and ISC Members
26 – 27 June 2015	LGC Pension Fund Symposium	2	Officers
7 – 9 July 2015	CIPFA Annual Conference	0	Officers
July 2015	CLASS Group (heywoods) AGM	2	Officers
10 – 11 September 2015	LGC Investment Summit	3	Officers and ISC Members
October 2015	heywoods User Group	2	Officers
14 – 16 October 2015	NAPF Annual Conference - Manchester	2	Officers, PFB and ISC Members
tbc	LGE Trustee Training (Fundamentals 1)	2	Newly elected Board and ISC Members
November 2015	CIPFA Pensions Network Annual Conference	2	Officers and depending on agenda, PFB Members
17 – 18 November 2015	Pensions Managers' Annual Conference	2	Officers
tbc	LGE Trustee Training (Fundamentals 2)	2	Newly elected Board and ISC Members
November 2015	LGC Investment Awards	0	Officers and ISC Members
December 2015 tbc	Eversheds Pensions Conference	2	Officers
December 2015 tbc	LAPFF Annual Conference	3	Officers, PFB and ISC Members
tbc	LGE Trustee Training (Fundamentals 3)	2	Newly elected Board and ISC Members

Shadow National Scheme Advisory Board – Annual Report 2012-13

On the 4 November 2014, the Shadow Advisory Board issued the Annual Report for the Local Government Pension Scheme in England and Wales. This report aggregates information supplied in the 89 fund annual reports, as at 31 March 2013. By bringing together data from all English and Welsh funds, the Shadow Advisory Board has created a new standard of transparency for scheme members, employers and taxpayers. This fulfils the recommendation by Lord Hutton in his report on the sustainability of public service pensions.

Some of the key points from the report are as follows;

- The total membership of the LGPS is 4.8m people.
 - Cambridgeshire Pension Fund had 61,660 members in 2012-13 and 65,638 in 2013-14.
- Some 9,340 employers participated in the LGPS across England and Wales.
 - Cambridgeshire Pension Fund had 228 employers in 2012-13 and 197 in 2013-14 (as reported in the Annual Report and Statement of Accounts using different classifications of participating employers).
- The average age of an LGPS active member is 47 and average salary is £22k.
 - The average age of an active member in the Cambridgeshire Pension Fund was 44.6 in 2012-13 and 45 in 2013-14.
 - The average salary of an active member in the Cambridgeshire Fund was £21,200 in 2012-13 and £20,448 in 2013-14.
- The LGPS had a positive inward cash flow of £12bn that exceeded its current outgoings of £9bn.
 - In 2012-13 the Cambridgeshire Pension Fund had an inward cash flow of £129,800k and an outward cash flow of £89,015k. In 2013-14, the inward cash flow was £138,525k and the outward was £100,334k.
- The LGPS' total assets under management of £180bn make it one of the largest funded pension schemes in the world. The average investment return on these assets was +12.5% after fees for 2012/13. 41% of LGPS funds are in pooled investment vehicles and 38% in equities, the remaining 21% being split across other asset classes.
 - The total value of the assets under management in the Cambridgeshire Pension Fund in 2012-13 was £1,879,486k and £2,033,180k in 2013-14.
 - In 2012/13, 37.4% of the fund's assets were invested in equities, 53.3% in pooled investment vehicles and the remaining 9.3% in other categories. In 2013-14, 36.7% was invested in equities, 54.2% in pooled investment vehicles leaving the remaining 9.1% in other asset classes.
 - The investment return after fees for the Cambridgeshire Pension Fund in 2012-13 was 15.5% decreasing to 7.8% in 2013-14.
- The LGPS liabilities are estimated at £227bn indicating an overall funding level of 79%.
 - In 2012-13 the liabilities of the Cambridgeshire Pension Fund were £2,633m and in 2013-14 £2,618m.
 - In 2012-13 the funding level stood at 72.4% and then increased to 77.7% in 2013-14.

The report can be found on the LGPS Advisory Board website here;

<http://www.lgpsboard.org/index.php/schemedata/scheme-annual-report>

Shadow National Scheme Advisory Board – Future work

The Board is now developing a suite of LGPS ‘health’ indicators for the new LGPS 2014. This will enable the Board to assess and benchmark the overall health of the new scheme relative to other large public or private pension schemes, as well as to other LGPS funds.

DCLG – Data collection on the LGPS 2013-14 (SF3)

Each year, DCLG issue form SF3 to collect data on Local Government Pension Funds’ scheme income, expenditure, membership, retirements and other activities.

This data is collected for a number of different purposes. The main purpose is to provide Ministers with information about the LGPS. The data also provides a benchmark on the administration and fund management of the LGPS and used in compiling the National Accounts and to show the role of the pension funds in the economy.

On 29 October, DCLG issued the results of the data collected from the 81 Administering Authorities in England. The highlights from this report are detailed below;

- Expenditure on benefits in 2013-14 was £7.8bn, an increase of £344m on 2012-13.
- Total expenditure was £8.9bn in 2013-14, £417m more than in 2012-13.
- Overall income in 2013-14 was £11.6bn, an increase of 4.8% when compared to 2012-13.
- In 2013-14, total expenditure accounted for 77% of income, the same as in 2012-13.
- Expenditure on lump sums paid on retirement in 2013-14 was £1.2bn, the same as in 2012-13.
- Costs charged to the funds increased by £80m or 16.2% in 2013-14 to £572m. This accounted for 6.4% of all expenditure, up from 5.8% the previous year.
- Income from employees’ contributions in 2013-14 was £1.8bn, an increase of £42m on 2012-13.
- Income from employers’ contributions increased by £298m to £6,030m in 2013-14.
- Income from investments increased by £181m in 2012-2013 to £3,164bn in 2013-14.
- Market values of the funds at 31 March 2014 totalled £178bn. This represents an increase of more than 6.3% on the previous year.
- Following last year’s small increase in the number of employees in the LGPS, in 2013-14 the number of members increased by 5.2% to 1.668m.
- During 2013-14 the number of pensioners rose by 56,000 to more than 1.3m, an increase of 4.3% over the figure for the end of 2012-13.

- The number of people leaving the LGPS in 2013-14 due to redundancy decreased by 1.8% over the 2012-13 figure to 12,876.

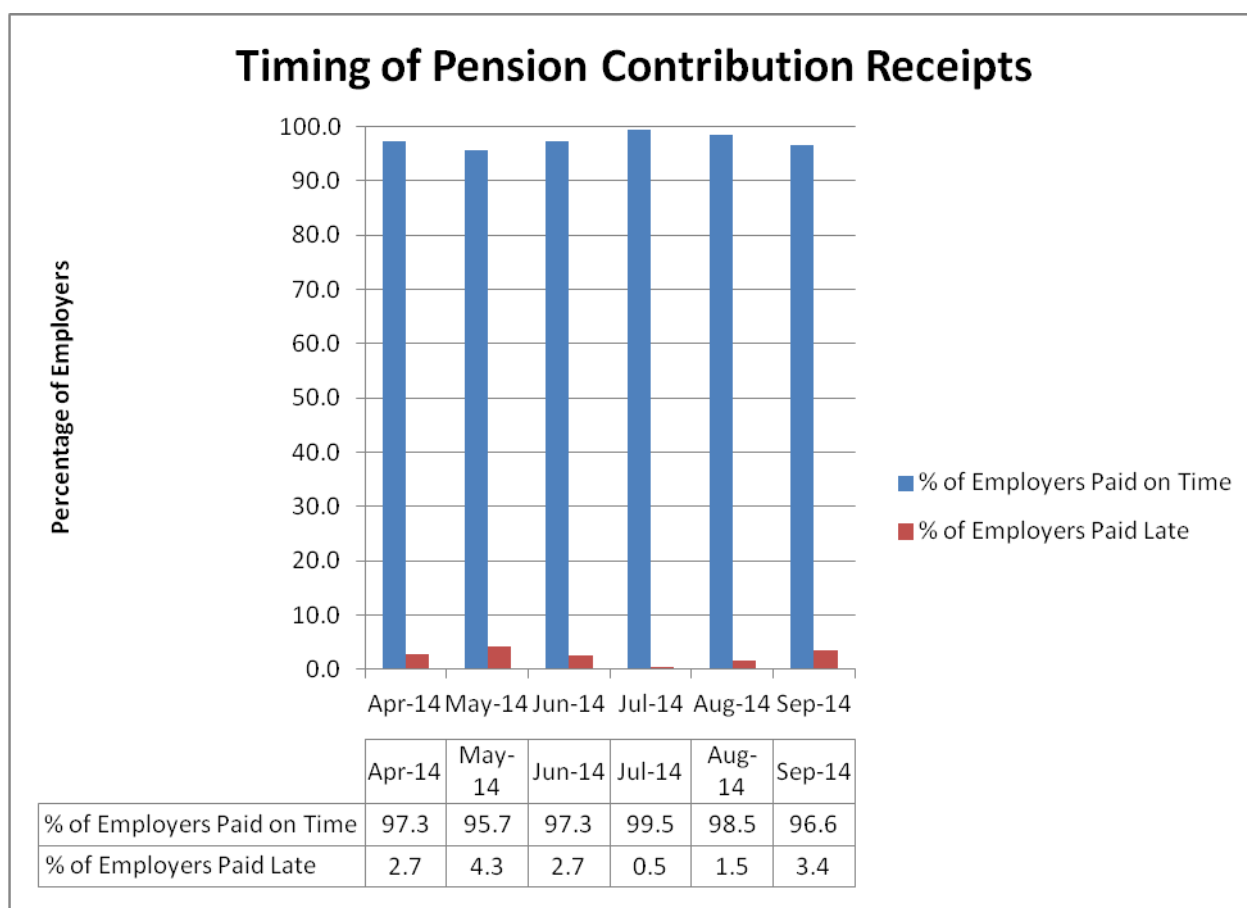
The full report which includes data going back to 2004-05 is available here;

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/368099/Pension_Release_England_2013-14.pdf

Employee and employer monthly pension contributions

The previous business plan update reported on the timeliness of contributions paid for the payroll periods of April to July.

The following graph shows the percentage of employers in the Cambridgeshire Pension Fund who paid their employee and employer contributions either on time or late (after the 19th of the following month deadline) for the period 1 April 2014 to 30 September 2014.



For the payroll periods April to September 2014, the average percentage of employers who did not pay their contributions by the 19th day of the month following the month of deduction, was approximately 2.5% per month.

The late payments that occurred in the September to October payroll periods belonged to some of the smallest employers in the Fund and equated to approximately £6,000 per month.

All late paying employers will be informed that late payment is not acceptable and if they continue to pay late they will incur a late payment penalty.

Communications with scheme members

Newsletter and Annual Benefit Statements for Councillors

A newsletter and an Annual Benefit Statement (ABS) for all Councillors in active membership will shortly be distributed. A sample of the newsletter can be found in Appendix 2.

Should members have any queries with regards to their ABS a dedicated email address has been set up;

pensionsabs@northamptonshire.gov.uk

Regulations and consultations update

New regulations

2014/560 The Marriage (Same Sex Couples) Act 2013 (Consequential and Contrary Provisions and Scotland) Order 2014

Amended LGPS Regulations 1997 to clarify that references in those Regulations to Civil Partners are to be read as also applying to a married same sex couple, and references to persons who are not in a civil partnership but are living together as civil partners are to be read as including a reference to a same sex couple who are not married but are living together as a married couple.

http://www.legislation.gov.uk/ukxi/2014/560/pdfs/ukxi_20140560_en.pdf

Consultations:

Local Government Pension Scheme governance guidance covering the creation and operation of local pension boards

This consultation asks interested parties to comment on the guidance developed by the LGPS Shadow Scheme Advisory Board via the Board's Governance and Standards sub-committee on the creation and operation of local pension boards (a requirement of the Public Services Pensions Act 2013).

The guidance has been developed on draft governance regulations issued on 10 October 2014.

Full details of the consultation can be found at the following link;

<http://www.lgpsboard.org/index.php/about-the-board/board-consultations>

LGSS Pensions Service has not responded to this consultation as we were involved in the Governance Working Group which drafted this guidance.

Commenced 17 October 2014. Closed 21 November 2014

Local Government Pension Scheme Regulations 2014: better governance and improved accountability

This consultation seeks responses from interested parties on a new Part 3 (Governance) of the Local Government Pension Scheme Regulations 2013 which came into force on 1 April 2014. In addition to the proposed provisions on cost control, regulations on Scheme governance that were subject to a consultation in June 2014.

Full details of the consultation can be found at the following link;

<https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations-2014-better-governance-and-improved-accountability>

The LGSS response developed in agreement with the Cambridgeshire Pension Fund Board can be found in Appendix 3.

Commenced 10 October 2014. Closed 21 November 2014

Department for Work and Pensions consultation on Disclosure Regulations

The Department for Work and Pensions (DWP) commenced a consultation on the 3 November on technical amendments to the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.

The proposed amendments are expected to come into force in April 2015. DWP state that they will ensure that the regulations work as intended in relation to the new public service pension schemes which are being introduced from April 2015 under the Public Service Pensions Act 2013. They have also included some additional drafting amendments to the regulations which were identified as being desirable.

The closing date for responses was the 28 November 2014. DWP have indicated that they would particularly welcome views from those administering and managing the public service pension schemes as the main amendments do not apply to other schemes.

Full details of the consultation can be found at the following link;

<https://www.gov.uk/government/consultations/occupational-and-personal-pension-schemes-disclosure-of-information-regulations-amendments>

Investments update

New Investment Consultant

Following a recent selection process via the National Framework, Mercer were appointed as the Fund's new investment consultant from 1 October 2014. Mercer's Jo Holden, Steve Turner, Andy Farrington and David Morton will provide strategic asset allocation, manager selection and performance monitoring services to the Fund. The process was carried out through a joint procurement with the Northamptonshire Pension Fund and demonstrates an excellent example of collaborative working.

Review of the Fund's investment strategy

Building on earlier discussions in the year, Mercer has provided a recent review of the Scheme's investment strategy. The review provided an overview of how the Fund can build upon the decisions made to date and make further improvements to the investment strategy already in place.

Key aspects of the review included the equity portfolio (with a view to moving towards a global structure and simplifying arrangements where possible); building in a degree of inflation protection through the Fund's bond portfolio and considering putting a holistic framework around the alternative assets.

At a strategic level, the review also considered how the level of investment risk could be reduced as the Fund's funding level increases over time.

As part of more day to day matters, and as is best practice, the Fund's rebalancing and cash flow policy has also been reviewed.

Papers covering the aspects noted above were discussed with the Fund's Investment Sub-Committee in November.

Review of Statement of Investment Principles

Officers are currently working with Mercer to update the Fund's Statement of Investment Principles. This document sets out the Fund's long term investment policy based upon the decisions made by Pension Fund Board and Investment Sub Committee to date and is reviewed regularly (at least triennially following each actuarial valuation) to ensure it fully reflects the Fund's situation.

Future plans

The main areas for investigation over the coming year are:

- Restructure of the Fund's equity portfolio
- Identifying how the Fund can reduce its level of investment risk as the funding level improves

- Possible allocations to alternative and “real assets”

Market highlights

Jo Holden, the Fund’s lead investment consultant, provides a short overview of the current market environment and the implications for the Fund below:

“After reaching low levels in earlier in the year, market volatility has crept back up leading to more mixed performance across both asset classes and regions. The more recent volatility in financial markets reflects renewed global growth and deflation fears, the end of quantitative easing and general negative global sentiment from Ebola, conflict in the Middle East and continued unrest in Ukraine.

Whilst the Fund’s investment strategy is in place for the long term, we are currently working with the Investment Sub Committee on the structure of the asset portfolios and considering how to build more inflation protection into the asset strategy”

Key service challenges

The 2014-15 Business Plan laid out the key challenges facing the Pensions Service. The following table provides an update on the progress made against each challenge.

Key Service Challenges				Update
		Lead Officer	2014-15 Time frames	
Implementing the 2014 and 2015 governance changes.	<p>In particular the revised structures and Code of Practice.</p> <p>Incorporating LGPS, Police and Fire.</p>	Funding and Governance	<p>Quarter 4 (LGPS)</p> <p>2015 (Police & Fire)</p>	<p>Guidance on creating and operating local pension boards has been issued for which the closing date passed on 21 November 2014.</p> <p>LGSS Pensions are also working with Cambridgeshire Fire Authority and Northants Fire & Rescue Service to assist in the creation and operation of the Local Pension Board for the Firefighters' Pensions Schemes.</p>
Develop the Skills and Knowledge programme.	Evaluating the first full cycle and considering the Code of Practice implications.	Funding and Governance	Quarter 3	<p>A full review of the 6 CIPFA Skills and Knowledge modules is delayed whilst outstanding modules are completed. A review of the CIPFA framework, the Pensions Regulator's Code of Practice and the current Knowledge Management Training Policy is pending receipt of final governance regulations.</p> <p>With the limited availability of both officers and members in the period of November it</p>

				<p>was not felt practical to run an additional CIPFA Skills and Knowledge session for those wishing to take uncompleted modules or improve scores on modules already taken.</p> <p>Instead, a session will be planned in the new year to incorporate new officers and Board members.</p>
<p>Implementation of the 2014 Regulations (LGPS).</p> <p>2015 Regulations (Police and Fire).</p>	<p>Impacted with delays in receiving regulations such as the transition protection regulations.</p> <p>Greater sensitivity and compliance of data provided by employers.</p> <p>Recognition by employers of their responsibilities and ownership.</p> <p>Accommodating the growth of employers in the Fund.</p> <p>Data quality risks.</p> <p>Incorporating LGPS, Police and Fire.</p> <p>DWP Disclosure</p>	<p>Operations and Technical</p> <p>And</p> <p>Employers and Systems</p>	<p>2014 (LGPS)</p> <p>2015 (Police & Fire)</p> <p>NB: This is dependent upon release by DCLG.</p>	<p>74% of the internal processes/letters/forms that require changing as a result of LGPS, have been reviewed and updated. We have been impacted by the late issue of guidance on areas that have become quite complex as a result of LGPS 2014 e.g. amalgamation of previous England and Wales LGPS benefits.</p>

	Regulations (2015).			
Managing the legacy pre 2014 regulations.	<p>Complexities of managing multiple regulations and maintaining data in accordance.</p> <p>Data quality risks – data quality comparison against other Funds.</p> <p>Incorporating LGPS, Police and Fire.</p>	<p>Operations and Technical</p> <p>And</p> <p>Employers and Systems</p>	<p>Quarter 4</p> <p>[NB: Police and Fire will fall into 2015-16.]</p>	This is an added layer of complexity from April 2014 –our process re-engineering is taking account of the legacy requirements.
Implementation of Member Self Service.	<p>Promote engagement by scheme members.</p> <p>Aids data quality intelligence.</p> <p>Incorporating LGPS, Police and Fire.</p>	Employers and Systems	<p>Quarter 4 for active members – target achieved.</p> <p>Quarter 1 – 2015-16 for deferred members.</p>	Member Self Service (MSS) has now been rolled out to 39,041 active members from across both Funds. Of the members that were issued with activation keys, 18.35% have accessed the MSS facility. Since July we have started to monitor the MSS email traffic and have received 2850 mails to-date. The bulk of these mails (58%) are requesting registration links as their activation keys have expired or the members are experiencing difficulties getting started. In the next couple of weeks we will start to roll out MSS to our deferred members. This is due to be completed by end of quarter 1 2015-16..
Procurement of Fund specific investment advisers.	Undertake procurement process through the National Framework and conduct a mini competition to select investment	Investments Team	Quarter 3	Mercer Limited has started working with the Fund from 1 October 2014 and attended the November 2014 Investment Sub Committee to discuss their proposals for the Fund.

	consultants for both Funds.			
Procurement of a LGSS joint custodian.	Undertake procurement process through the National Framework and select a joint custodian for the two Funds. Migration of the Fund/Funds to the winning custodian.	Investments Team	Quarter 2/3	The migration of the fund asset from The Bank of New York Mellon to Northern Trust is now complete with the final sign off planned before the end of December 2014.
Procurement of a LGSS joint Actuary.	Undertake procurement process through the National Framework.	Funding and Governance	Quarter 4	Work for this deliverable will commence in quarter 4.
Embedding the Fund Administration Strategy.	Engage with existing employers to ensure compliance with performance standards. Note: Requirement for all new employers.	Employers and Systems	Quarter 4	<p>The Employer Forum was held on 15 October at Girton College, Cambridgeshire. 33 employers attended the forum for which the theme for the day was the importance of the accurate and timely provision of data, by employers, to the Fund. The report provided feedback on the performance of both employers and the Pensions service against a number of key performance indicators. This was supported by a presentation from Hymans Robertson about the implications of poor quality data on employer funding positions. An update of changes in the governance of the scheme was also provided along with an update on the performance of the Fund's investment portfolio.</p> <p>Two part employer training sessions focussing on Employer Responsibilities</p>

				and the ill health retirement process have been advertised and will begin to be delivered in December.
Seek collaboration opportunities.	Continued development of LGSS Pension Services as a business unit.	Deputy Head of Pension Services	Quarter 4	Work for this deliverable is already in progress.
Engagement on and implementation of the structural reform of how Local Government Pension Schemes invest.	Understanding and implementing the outcome of the Call for Evidence initiative, with likely requirement to adopt a Common Investment Vehicle approach.	Investments Team	Quarter 2/3/4	Responses to the consultation were submitted on 11 July 2014 on behalf of both Cambridgeshire and Northamptonshire funds. We are still awaiting the publication by the DCLG of the outcome of the consultation.
Asset Allocation Review following the 2013 Valuation.	To review and implement changes to the current Asset Allocation Strategy in the light of the 2013 Valuation.	Investments Team	Quarter 2/3/4	The latest developed proposals were presented to the Investment Sub Committee in November 2014 for review. Further proposals will be carried out and presented to the Investment Sub-Committee in 2015.

Key Performance Indicators

Below are the results of how the Pensions Service has performed against the Key Performance Indicators set out in the 2014-15 Business Plan in period three (September to October inclusive).

Function/Task	Indicator	Target	End of Period Target	Period 3 Update/Additional Information
Send welcome letter to new employer.	Welcome letter sent within 15 days of receiving confirmation of conversion from the Academy or from date admission agreement sealed.	90%	100%	Target achieved – see Appendix 4 for past performance.
Complete internal validation of data for new admissions.	Complete internal validation within the agreed time frame.	90%	100%	Target achieved – see Appendix 4 for past performance.
Keep the employer website up to date, including procedural guides, scheme guide and all other documents and forms.	20 working days from date of change/amendment.	100%	100%	Target achieved.
Acknowledge death of active/deferred/pensioner member.	Letter issued within 5 working days following notification of death.	100%	99%	See Appendix 5 for past performance.
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%	97%	See Appendix 5 for past performance.
Provide a divorce quotation to employees on request.	Provided within 10 working days from receipt of all information.	90%	96%	See Appendix 5 for past performance.

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%	71%	SLA target missed due to a large backlog in the checking of retirement estimates, due to the high volumes of actual retirement processed in the month of September. The payment of benefits had to take priority at that time. The backlog was cleared in October. See Appendix 5 for past performance.
Publish the Pension Fund Annual Report and any report from the auditor.	By 31 August following the year end.	100%	Delay due to new legislation	The publishing of the Pension Fund Annual Report was delayed due to the Secretary of State issuing statutory guidance on the contents of the Annual Report. The guidance has been complied with by an issue of an addendum which the auditors, PwC, have now vetted. The Annual Report and the addendum have been published on the LGSS Pensions Service website and a copy has been sent to the Shadow Advisory Board for inclusion in the 2013-14 Annual Report of all LGPS Funds.
Provide an FRS17/IAS19 report to employers for their chosen accounting date.	Within one month of the 31 March, 31 July or 31 August (or other) 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%	45%	August cycle for Academies with a year end accounting date of 31 August. The target date for despatch of completed reports from the Actuary to the employer, via LGSS Pensions Service was 30 September. This particular cycle has proven

	<p>This is a KPI that reflects the performance of the scheme employer, LGSS Pensions Service and the Actuary.</p>			<p>challenging due to an increased demand of 46% in the volume of requests. The requests in August 2014 were 76 against 50 in 2013 an increase of 26.</p> <p>Only 45% were delivered within deadline, reflecting in addition to the significant volume increases the complexity of this task.</p> <p>The requirement of information is more demanding, the reliance on both employer and Actuary to deliver their requirements, and more bespoke requests are the main reasons for slippage.</p> <p>In addition many of the new requests were received late due to school holidays and late requests from some academies for first time reports.</p> <p>There are a small number outstanding reflecting the above at the time of writing this update.</p>
Performance of each Fund's assets.	<p>Each Fund's assets performance vs. target on a rolling 3 year basis.</p> <p>1.6% above gilts [as at March</p>	>4.6%	7.6%	<p>Rolling 3 year figure:</p> <p>Fund: 7.6%</p> <p>Target: 4.6%</p> <p>Benchmark [i.e. if assets had been invested passively]: 7.8%</p>

	2013]. Therefore target is currently 4.6%. Actual performance for both funds is currently around 6.2%. That is: 3.2% above gilts.			Targets achieved.
Fund asset performance in relation to LGPS peers.	Each Fund's ranking on annual, independently produced WM ranking. Final figures produced annually as at the 31 March. Target is for both Funds to be in the top performing third.	<34	26	CPF: 26 Target achieved.

Forward plan of business

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