

CAMBRIDGESHIRE PENSION FUND BOARD



Date: Friday, 15 February 2019

Democratic and Members' Services
Fiona McMillan
Monitoring Officer

10:00hr

Shire Hall
Castle Hill
Cambridge
CB3 0AP

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

AGENDA

Open to Public and Press

- 1. Apologies for absence and declarations of interest**
Guidance on declaring interests is available at
<http://tinyurl.com/ccc-conduct-code>
- 2a) Pension Fund Board Public Minutes 19th October 2018** **5 - 16**
- 2b) Minute Action log** **17 - 24**
- MINUTES OF THE PENSION FUND COMMITTEE FOR INFORMATION**
- 3a) Pension Fund Committee Public Minutes 18th October 2018** **25 - 36**
- 3b) Pension Fund Committee Public Minutes 13th December 2018** **37 - 44**
- 4. QUESTIONS TO THE CHAIRMAN OF THE PENSION FUND INVESTMENT SUB COMMITTEE COUNCILLOR ROGERS - 30 MINUTES**

5.	Administration Performance Report	45 - 52
-----------	--	----------------

6. EXCLUSION OF PRESS AND PUBLIC - CONFIDENTIAL APPENDIX

To resolve that the press and public be excluded from the meeting on the grounds that appendix 2 of the Administration Performance Report contains exempt information under paragraph 3 of Part 1 of Schedule 12A of Page 1 of the Local Government Act 1972 as amended, and that it would not be in the public interest for this information to be disclosed in discussion as it contains information relating to the financial or business affairs of any particular person (including the authority holding the information)

7.	Pension Fund Annual Business Plan Update Report	53 - 66
-----------	--	----------------

8.	Governance and and Compliance Report	67 - 90
-----------	---	----------------

9.	Data Improvement Plan Progress Report	91 - 98
-----------	--	----------------

10.	Risk Strategy and Risk Register	99 - 126
------------	--	-----------------

11.	Internal Dispute Resolution Procedure	127 - 134
------------	--	------------------

12.	Local Pension Board Effectiveness Review	135 - 162
------------	---	------------------

13.	Valuation of the Pension Fund	163 - 168
------------	--------------------------------------	------------------

14. Exclusion of Press and Public

To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under 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 any individual, and information relating to the financial or business affairs of any particular person (including the authority holding that information)

15. ACCESS Asset Pooling Update

- Information relating to the financial or business affairs of any

particular person (including the authority holding that information);

16. Agenda Plan CPFLPB

169 - 174

17. Date of Next Meeting - 3rd May 2019

The Cambridgeshire Pension Fund Board comprises the following members:

Councillor Simon King (Chairman) Mr David Brooks (Vice-Chairman)

Mr Barry O'Sullivan Councillor Denis Payne and Mr John Stokes and Councillor Elisa Meschini

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

Clerk Name: Rob Sanderson

Clerk Telephone: 01223 699181

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

The County Council is committed to open government and members of the public are welcome to attend Committee meetings. It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens. These arrangements operate in accordance with a protocol agreed by the Chairman of the Council and political Group Leaders which can be accessed via the following link or made available on request: <http://tinyurl.com/ccc-film-record>.

Public speaking on the agenda items above is encouraged. Speakers must register their intention to speak by contacting the Democratic Services Officer no later than 12.00 noon

three working days before the meeting. Full details of arrangements for public speaking are set out in Part 4, Part 4.4 of the Council's Constitution <https://tinyurl.com/ProcedureRules>.

The Council does not guarantee the provision of car parking on the Shire Hall site and you will need to use nearby public car parks <http://tinyurl.com/ccs-carpark> or public transport.

LOCAL PENSION BOARD

Agenda Item: 2a)

PUBLIC MINUTES OF THE CAMBRIDGESHIRE LOCAL PENSION BOARD

Friday 19th October 2018

Members of the Board in attendance:

Employer Representatives – County Councillors E Meschini, S King (Chairman) and Parish Councillor D Payne

Scheme Member Representatives - D Brooks (Vice Chairman), B O’Sullivan, and J Stokes

Officers in attendance:

T Pegram – Pension Services Financial Manager

R Sanderson - Democratic Services Officer

J Walton – Governance and Regulations Manager

Time: 10.00am to 12.20pm

Place: Shire Hall, Cambridge

58. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

ACTION BY

No apologies for absence were received. Democratic Services passed on a message that the Chairman would be late and therefore the Vice Chairman initially started the meeting in his absence.

There were no declarations of interest.

59. MINUTES & ACTION LOG – 6th JULY 2018

The minutes of the meeting of 6th July 2018 were approved as a correct record and signed by the Vice-Chairman. The Chairman joined the meeting for the discussion on the action log.

Matters arising

- a) An oral update was provided on the request at the last meeting that Councillor Payne should be shown on future agendas as being a Councillor and to help differentiate, if practicable, he should be shown as a parish councillor and Councillors King and Meschini as County Councillors. It was clarified that unfortunately the CIMIS agenda building configuration did not allow this level of detail. Democratic Services having contacted Councillor Payne before the meeting had agreed with him **that in future he would be shown as ‘Councillor**

Rob Sanderson

**Payne' on the agenda and as a parish councillor in the minutes.
Action**

- b) The Vice Chairman indicated that he had not been satisfied with the answer to the question provided by the Pensions officer on Minute 56 Access Asset Pooling Update regarding what base figure had the savings quoted at the meeting of circa £5m been based on. He was also interested in the original administrative cost of the Pool and Cambridgeshire Pension Fund's share of this and also the final cost of the Pool and again the cost to Cambridgeshire in order to help identify the projected savings. **Action: The Pensions Financial Services Officer undertook to provide him with the detail of the savings already made through the Asset Pool arrangement.**

**Tracy
Pegram**

The Action log was noted.

The Chairman indicated that:

- a) He did not believe all the actions had been picked up in the log and **would provide further details to the officers outside of the meeting. Action**
- b) The Chairman highlighted that he had received a complaint from one Member who had not received his agenda in good time as it had been held back from being posted as the member worked in Shire Hall. As a result, he had agreed with Democratic Services **that all Members of the Board should be sent a hard copy of the agenda in the post on the same day. Action**

Cllr King

**Rob
Sander-
son**

60. ADMINISTRATION PERFORMANCE REPORT

This report which was brought to each Board meeting set out a number of the key areas of administration performance for consideration by the Committee to help ensure effective and efficient governance and administration of the Pension Fund.

Issues highlighted in discussion included:

- The total management expenses figures shown on page 28 as the forecast figure was different on page 28 to that shown on page 29. It was explained that the figure on page 28 had not been updated and should have also shown as £8,450 as on page 29 which was the correct figure.
- Page 29 the Management expenses table did not show the variance for the line reading: "Total Administration Expenses" of 44. This required to be changed. **Action**
- Page 30 Regarding the only key performance Indicator showing as Amber 'Provide transfer - in quote to scheme Member' - letter Issued within 10 working days of receipt of all appropriate information" - the Chairman asked whether it would be corrected. It was explained that this was only in relation to one case and measures were in place to avoid a recurrence in the future.

**T
Pegram**

As the Board did wish to make reference to it in public discussion, before considering the confidential appendix providing details of late payment employer contributions,

It was resolved to:

Exclude the press and public from the meeting for the following item of business on the grounds that it contained exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, 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)).

The report was noted.

61. PENSION FUND ANNUAL BUSINESS PLAN UPDATE REPORT 2018-19

This report presented an update of the Pension Fund Business Plan. Attention was drawn to Paragraph 2.1.3 'Implement Additional Posts to the Structure' which indicated that an oral update would be provided to advise the outcome of the Data Quality Officer interviews and the progress in establishing the Communications Officer Post. In terms of the Data Quality post, interviews had taken place with two candidates, but neither had been considered suitable. As a result, a different approach was to be looked at, including approaching other Pension Funds through the Local Government Association. The Communications Officer recruitment process was still ongoing.

In discussion issues raised included:

- Page 35 paragraph 2.1 - Key Pension Fund activities - Service Delivery – regarding Review of Staff Retention – a question was raised regarding whether there were staff retention issues and the action being taken. In reply it was explained there were seven vacancies on the operational side out of an establishment of 29. In Jo Walton's team there was one vacancy out of a team of seven. There were issues regarding attracting the right calibre of staff linked to reputational issues and the lack of parking, resulting in a cost to staff of £8 per day. Meetings were due to take place with Human Resources to consider issues of resilience; developing the in-house team. The option to change terms and conditions to help attract and retain staff had been investigated but had not found to be beneficial. **There was a request for the Board to receive a more in depth paper on the measures being proposed to retain staff at its February meeting. Action**
- On GC9 Payroll rectification - on a question on what were the largest and smallest overpayments, these ranged from £27k (an overpayment of £88 per month since 1992) with the smallest

J Walton

being under £100. In answer to why the larger one was not picked up earlier, it was explained that while an error, the information sent to the Member originally should have alerted them to there being an overpayment situation.

- There was a request for information on how many large overpayments there were. The Officer agreed to provide this information outside of the meeting. **Action** **J Walton**
- On CSM 4 - Monitoring / understanding the Member Experience - **of the 15% who had rated their experience as poor / very poor, there was a request for more detail to be provided on the reasons outside of the meeting. Action** **J Walton**
- **The Vice Chairman highlighted that he still could not access the Member self-service system and requested information of when it would be available Action: email to David Brooks** **J Walton**
- Page 41- 42 - IA3 Local Direct Investment - One member suggested it was wrong not to consider investing locally. It was explained that the Investment Sub Committee was looking at local investment products in terms of investments and returns, but investing in Cambridgeshire was difficult, due to the investment competition. As a result the focus had to be wider, to ensure the best returns were achieved in order to safeguard Fund members' future benefits as it was the Fund's fiduciary duty to invest in Fund members' interests rather than supporting local interests.
- The Chairman noted that while there was information on the adequacy of the funding level in the Annual Report, a more regular report would be useful. While the Actuary provided an update every three years it was agreed that as officers monitored it quarterly, **they could provide a report which set out the three year position and the latest quarterly update as a regular report to the Board. Action** **T Pegram**

It was resolved to:

Note the Pension Fund Business Plan Update.

62. GOVERNANCE AND COMPLIANCE REPORT

This report provided information on:

- 1) Potential, new or amending legislation affecting the LGPS;
- 2) On other pensions legislation;
- 3) Activities of the LGPS Scheme Advisory Board and the Pensions Regulator;
- 4) On issues concerning the governance of the Local Government Pension Scheme (LGPS) on a national and local basis; and

5) Skills and knowledge opportunities.

It was highlighted that the judge in the case of Elmes and Essex had now published his final conclusions on his ruling and agreed with the course of action taken by the Fund to pay a cohabiting partner's pension where the person had died without a nomination form provided the co-habiting criteria was met.

In discussion:

- Regarding information provided on cold-calls from fraudsters claiming to be from the Pensions Regulator (TPR) there was a request that warning information was made more prominent on the website **Action**
It was explained that leaflets had been sent out to those members requesting a transfer out regarding scams and processes were in place to undertake checks on information requests but even these were not fool-proof, as rogue schemes were often very sophisticated. The Chairman asked that further details be provided on the measures currently in place and whether they met the Ombudsman recommendations in the case quoted (Northumbria Police) **Action** **Jo Walton**
- A request that an update on the training programme for the following year should be circulated to the Board outside of the meeting **Action** **Jo Walton**
- There was a query regarding the Risk Register and the two risks shown as amber. It was explained that these should also have been shown as green and was an error. As their status had changed there was a request for an update on them outside of the meeting. **Action** **Jo Walton**

63. CAMBRIDGESHIRE PENSION FUND TRAINING STRATEGY 2018

This report presented the Training Strategy drawn up to help the Committee and Board in performing and developing their role with the ultimate aim of ensuring that the Fund was managed and assisted by individuals who had the appropriate level of knowledge and skills as required by the Pension Act 2004.

It was highlighted that a significant change was the removal of the Knowledge Assessments test.

Questions raised in debate included:

- Why were there page numbers for the Strategy shown in the index when they had not been included? The final Strategy document itself would include them, but Democratic Services removed them on the agenda version, as the agenda pack was printed with sequential numbering.
- Page 78 under the heading 'Reporting' - paragraph 20.2 – on the wording currently reading “Any members who had not attained at least 70% of the required credits will be highlighted to the Chairman / Chairwoman for appropriate action” It was agreed this should have the addition of the words “Vice Chairman” to cover any issues

that theoretically could happen if either, had not met the required level. **Action**

**Jo
Walton**

It was resolved:

To agree the attached Cambridgeshire Pension Fund Training Strategy located in the appendix to the report subject to including the suggested change in order for it to be approved at the next Pension Fund Committee meeting in December.

64. CAMBRIDGESHIRE PENSION FUND DATA IMPROVEMENT POLICY AND PLAN

This report presented the Data Improvement Policy (Appendix 1) and the Data Improvement Plan (Appendix 2) which had been approved by the Pension Fund Committee the previous day in order to demonstrate to the Pensions Regulator that the Fund had reviewed the quality of its data and had an ongoing approach to ensuring the Fund had appropriate processes in place to consistently hold accurate data. The intention would be to provide regular update reports to both the Committee and the Board. **Action to update the Committee Forward Plan.**

**Rob
Sander-
son**

It was explained that there was no standard way to store data and different pension funds used different methods / systems, with Cambridgeshire Pension Fund having been very transparent in its self-scoring. For example unprocessed leavers were included in the return as data failures which other funds excluded.

The Board supported the approach of being as transparent as possible. It was suggested that an explanation should be provided in a narrative to explain the approach being adopted by Cambridgeshire Pension Fund. In reply it was explained that there was only a number field, so there was no opportunity to provide this.

As a follow up, one Member asked if all schemes were operating in different ways could the Pensions Regulator come in and have the power to ask how the score had been arrived at. It was explained that the Regulator intended to visit 10 Funds but it was not clear why they had chosen those on their list (Cambridgeshire was not one of them).

Issues raised included:

- On verifying the data, a question was raised on how officers were able to check whether it was accurate. In terms of national insurance numbers and dates of birth these could be checked but scheme specific data was difficult to check. One Member suggested that the Annual Benefit Statement information did not clearly explain how the benefits were paid. He would like to be asked in a letter included with an annual newsletter if the information was correct explaining how the calculations had been made and suggested that this could be undertaken for the whole membership to try to identify errors earlier. It was pointed out that this would be inappropriate due to the personal

data involved and the risk that people had moved address and that this would then be in the hands of a third party. Unless officers were informed of a change of address they would not know about it. The Chairman suggested where there was a need to write to an individual member and their address was known, the opportunity should be taken to ask them to check their data

- In reply to a question it was reported that only 20% of Members were accessing their pension data electronically. **There was a request for a target date for all Members to have access to the server. Action**

**Jo
Walton**

Having provided comments, **It was resolved:**

To note the Data Improvement Policy and the Data Improvement Plan and to receive regular update reports.

65. ANNUAL REPORT AND STATEMENT OF ACCOUNTS

This report presented the Draft Annual Report and Statement of Accounts of the Pension Fund for 2017-18 financial year which had been noted by the Pension Fund Committee the previous day. It was stated that the External Auditors were due to give an unqualified opinion as soon as the Section 151 officer sign off was achieved.

Issues raised in discussion included:

- Page 123 - noting that the funding level over at 31st March 2018 had decreased slightly to 80.7% from 81.0% but was higher than the triennial figure at April 2017 of 78% and the 2013 triennial valuation of 72%. The increases in recent years principally due to the strong return on assets.

Page 129 List of admitted bodies – The Vice-Chairman suggested that this was not complete asking why Amey was not there and suggesting others had left e.g. Enterprise Management Services. **The officer undertook to speak to the appropriate team and get back to the Vice Chairman with any updates and also confirm whether the list was correct as of the year of the accounts, as opposed to the more up to date position.**
Action

**T
Pegram**

- On the investment manager performance set out on pages 151-165, a question was raised regarding what comprised average, over and underperformance. The current performance equated to a 7% return compared to a benchmark of 8.1% due to underperformance in some areas in the last 12 months. The Member who raised it suggested that there had been an underperformance of 10% over 10 years and suggested that Investment Sub-Committee (ISC) should be concerned. As a further response it was explained that performance needed to be measures over 10-20 years and reactive changes due to short term underperformance in certain asset classes needed to be avoided due to the costs involved in removing managers. However examples were given of where consistent underperformance had led

to managers being removed by ISC. The member explained that he had been looking at 10 year performance and the highest performance had only scrapped the average.

- The Chairman asked what measures were being taken to improve performance. It was explained that as set out on page 156, each investment manager had a different task and was measured against benchmark with regular reviews of the Investment Strategy to assess whether the allocations to particular classes of assets were still appropriate. There was also Asset Pooling to consider, going forward.
- As the investment performance was not considered adequate by the Board, there was a request that the Chairman of the Investment Sub-Committee should be invited to the next meeting to explain reasons for performance being 10% down and the what the plans were by ISC to turn things around as well as an explanation and details of any targets where they wished to see the Fund **Action**
- The Chairman asked whether there was a target for the Fund to be fully funded. In reply the ideal target was for 100% funding to be achieved over 20 years, with employers having to pay back any deficits. The process was that once the Actuary had undertaken the triennial assessment this would determine the employer contributions and the target investment return, which would be addressed through a review of the Investment Strategy by the ISC.
- **Page 137 paragraph headed 'Managing Demographic Trends'** – a question was raised regarding life expectancy assumptions, as one Member understood that they were going down. It was explained that this was a timing issue in terms of the period covered by the Accounts.
- **Page 140 – Recovery of overpayments table** It was highlighted that the overpayment figure in the column for each year compared to the recovery figure and the written off figures added up did not equal the overpayment figure. It was explained that this was the format required by CIPFA and did not include overpayments that were in the process of being recovered.
- There was a request to see details of underpayments. Jo Walton explained that she was preparing a report for the Committee and would include it for the next Board agenda

**Dem
Services
to
contact
Cllr
Rogers**

**J Walton
RS add
to plan**

The report was noted

66. RISK MONITORING

This report, which had been printed on orange paper in error, presented the Cambridgeshire Pension Fund Risk Management Process Report.

In line with the Pension Regulator's Code of Practice, it was appropriate to regularly monitor and review existing risks and add new risks as they become apparent. In light of this, officers proposed a plan and time table (as set out in paragraph 2.2) for the next 12 months explaining how risks would be reviewed and managed. The first report to the Board would be in February to provide pre-scrutiny of the revised Register. The aim was to streamline the current 54 risks to approximately 30, to ensure that they were fit for purpose. A yearly review would then be conducted to ensure the process was effective.

in discussion:

- A question was raised requesting an explanation of 'heat pad'. This was the visual display RAG rating (red green and amber).
- It was confirmed it would be a public document.
- A question was raised regarding how the ratings on the website would be viewable for people who were colour blind. **This would be looked into and reported back in the February report**
- In response to a comment that there was no mention of assessing the appetite of the risk, this would be undertaken on each individual risk area.

**Jo
Walton**

Having provided feedback, the report was noted.

67. INDEPENDENT INVESTMENT MANAGER DISCUSSION

Councillor Payne had requested that this item be included on the agenda. He wished to raise the fact that Northamptonshire Pension Fund had independent advisers (Mercers and Mark Stevens) but Cambridgeshire Pension Fund only had Mercers and not a second independent advisor and queried whether Cambridgeshire should seek their own second advisor. He highlighted that Hymans had carried out a survey in 2017 of Local Government Pension Schemes which showed that Cambridgeshire was in a minority and proposed that the Cambridgeshire Pension Fund Committee should be asked to review the position.

It was explained that the Pension Committee had considered the issue a few years ago and decided not to appoint a second independent advisor. It was suggested that the reason for this decision should be added to the list of questions to ask the Chairman of the Pension Investment Sub Committee who was being invited to attend the next meeting. This could link to the performance issue of fund managers and whether there was value in Cambridgeshire choosing its own second independent advisor.

**Dem
Services
to inform
the
Chair-
man of
ISC**

68. EXCLUSION OF PRESS AND PUBLIC

It was resolved to:

Exclude the press and public from the meeting for the following items of business on the grounds that they contained 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)).

69. ACCESS ASSET POOLING UPDATE

This report updated the Board on ACCESS Asset Pooling.

It was highlighted that:

- at the recent Joint Committee meeting the proposal of whether to consider changes to representation on the Joint Committee to incorporate scheme members and / or Local Pension Board representation either as observers or voting members had been considered, but it had been decided not to make any changes to membership. The Chairman of the Joint Committee had agreed to write to the Scheme Advisory Board outlining the Joint Committee's concerns regarding extending the membership. There was query that **the letter should be made available to the Board so that it could see the detail of the concerns. Should the letter be deemed confidential and not able to be released, the Board would require justification reasons. Action**

T
Pegram

In discussion the following issues were raised:

- **Barry O'Sullivan asked for the background to the above request to be sent to him.**
- There was a request for an explanation regarding the status of observers attendance. In reply it was explained that anyone could attend the public part of Joint Committee meetings but that attendance at the confidential part of the agenda was still restricted to councillors of the administrative bodies on ACCESS. In reply it was pointed out that this therefore excluded two thirds of the board membership and a question was raised regarding the legality of this decision. The Chairman made the point that Board members could attend Pension Fund Committee meetings, including the confidential section, so was struggling to understand why the same did not apply to attending ACCESS meetings. In reply it was explained that issues considered included that the meeting could become unwieldy in terms of attendance if representatives of all Fund partner Boards attended.
- In answer to a question regarding councillors who did attend, this was chairmen / women of the Pensions Committees or their substitute and officers.
- Regarding a question on who had oversight of the ACCESS Joint Committee it was explained that it was undertaken by each of the Fund partner Pension Fund Committees.

T
Pegram

It was resolved to:

- a) note the asset pooling update.

- b) Note the confidential exempt minutes of the ACCESS Joint Committee meeting of the 11th June 2108

FORWARD AGENDA PLAN

The latest Forward agenda plan was orally reported subject to the inclusion of items identified in the course of the meeting. The updated Plan is included as an appendix to these minutes.

DATE OF NEXT MEETING – FRIDAY 15th FEBRUARY 2019

Chairman
15th February 2019

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 Board to update Members on the progress on compliance in delivering the necessary actions.

This is the updated action log as at 6th February 2019.

Minute	Report Title	Action for	Action	Comments	Status	Due date
Minutes of 6 July 2018						
49.	Governance and Compliance Report	Paul Tysoe	Officers was asked to look into whether there was any reason the Board should not have representation in some capacity on the ACCESS Pool Joint Committee or if that was not permissible, to receive as a matter of course the minutes from the ACCESS Pool Joint Committee in the same way the Investment Sub-Committee currently did.	A report on the Joint Committee is produced for the Pension Committee, to which the minutes of the previous ACCESS Joint Committee are attached. This report is also presented to the Local Pensions Board.	Completed.	

Minute	Report Title	Action for	Action	Comments	Status	Due date
Minutes of 19 October 2018						
59.	Minutes and Action Log	Rob Sanderson	To show as 'Councillor' Payne on future documents	CIMIS will not show parish councillor but this will be reflected in the minutes.	Completed The Agenda and Minutes now reflect this.	
59.	Minutes and Action Log	Tracy Pegram	To provide detailed savings already made through the Asset Pooling arrangement.	This action point refers to queries raised by the Vice Chairman, and it was agreed that Officers would provide further information directly to him by email.	Completed – e-mail sent 7 November 2018 detailing the savings.	
59.	Minutes and Action Log	Councillor King	Query on whether all actions had been picked up from the action log.	Councillor King to pick this up with Officers outside of the meeting.	No further action. Councillor King confirmed to Democratic Services that he had not found any additional actions that had been missed	
59.	Minutes and Action Log	Rob Sanderson	To ensure all members are sent a hard copy of the agenda on the same day.	This will be the case from the February meeting onwards.		
60.	Administration Performance Report	Tracy Pegram	Page 29 the Management expenses table did not show the variance for the line 'total administration expenses of 44. This required to be changed.	The tables have now been updated as requested.	Completed.	

Minute	Report Title	Action for	Action	Comments	Status	Due date
61.	Pension Fund Annual Business Plan Update Report	Joanne Walton	There was a request for the Board to receive a more in depth paper on the measures being proposed to retain staff at its February meeting.		Ongoing – To be deferred until a decision has been reached on the LGSS model and future working arrangements.	
61.	Pension Fund Annual Business Plan Update Report	Joanne Walton	There was a request for information on how many large overpayments there were.	Officers agreed to provide this information outside of the meeting.	Completed – e-mail sent 11/1/19.	
61.	Pension Fund Annual Business Plan Update Report	Joanne Walton	On Monitoring the Member Experience – of the 15% who had rated their experience as poor/very poor, there was a request for more detail to be provided.	Officers agreed to provide this information outside of the meeting.	Ongoing - An E-mail detailing poor and very poor responses will be issued before the meeting.	
61.	Pension Fund Annual Business Plan Update Report	Joanne Walton	The Vice Chairman highlighted that he still could not access the Member self-service system and requested when this would be available.	To e-mail the Vice Chairman outside of the meeting.	Completed.	
61.	Pension Fund Annual Business Plan Update Report	Joanne Walton	The Chairman noted that while there was information on the adequacy of the funding level in the Annual Report, a more regular report would be useful. While the Actuary provided an update every three years it was agreed that as officers monitored it quarterly, they could provide a report which set out the three year position and the latest quarterly update.		Completed – Quarterly reports are discussed at the Investment Sub Committee meetings and Board members have access to these reports.	

Minute	Report Title	Action for	Action	Comments	Status	Due date
62.	Governance and Compliance Report	Joanne Walton	<p>Regarding information provided on cold calls from fraudsters claiming to be from the Pensions Regulator there was a request that warning information was made more prominent on the website.</p> <p>The Chairman asked that further details be provided on the measures currently in place and whether they met Ombudsman recommendations in the case quoted.</p>		<p>Completed - The news item regarding the ban on pensions cold calling has been added to the slider on the front page of the employers hub providing a direct link to the article. Unfortunately the members hub does not allow this same functionality but the news article regarding the cold calling ban is at the top of the news page on the member hub.</p> <p>Completed - Information provided on appropriate letters and on the news information pages of the website. The cold calling ban was launched nationally on 9th January 2019. The advice is aimed at members.</p>	

Minute	Report Title	Action for	Action	Comments	Status	Due date
62.	Governance and Compliance Report	Joanne Walton	A request that an update on the training programme for the following year should be circulated.	To the Board outside of the meeting.	Completed – e-mail sent 9/1/2019.	
62.	Governance and Compliance Report	Joanne Walton	There was a query regarding the risk register and the two risks shown as amber. It was explained that these should have been shown as green as was an error.	Governance risk 1 should have been green and Governance risk 2 was correct as amber.	Completed – Governance risk 1 has been amended for future reports.	
63.	Cambridgeshire Pension Fund Training Strategy 2018	Joanne Walton	Page 78 under the heading 'reporting' – para 20.2 – the wording should be changed to include vice chairman to cover any issues that theoretically could happen if either, had not met the required level.	The wording on the policy has been amended.	Completed.	
64.	Cambridgeshire Pension Fund Data Policy and Plan	Rob Sanderson	To include regular update reports to the agenda plan.		Included on agenda plan for future meetings as Data Plan Improvement Updates Completed	

Minute	Report Title	Action for	Action	Comments	Status	Due date
64.	Cambridgeshire Pension Fund Data Policy and Plan	Joanne Walton	In reply to a question it was reported that only 20% of Members were accessing their pension data electronically.	There was a request for a target date for all members to have access to the server.	Completed - All LGPS Membership types are now able to access their data electronically, if they choose to do so. All except for pensioners have been issued with an invitation to register and an activation code in order to complete registration. It is expected to carry out this exercise for pensioners before the end of the 2019/2020 Scheme year.	
65.	Annual Report and Statement of Accounts	Tracy Pegram	Page 123 – list of admitted bodies – the list appeared to be incorrect.	Officers made enquiries and have confirmed that the list is correct. An email was sent explaining this to the member who raised the question.	Completed – e-mail sent 7 th November 2018.	
65.	Annual Report and Statement of Accounts	Democratic Services	The chairman of the Investment Sub Committee should be invited to the next meeting to explain reasons for performance being 10% down and what the plans were by the ISC to turn things around.	Democratic Services to contact Councillor Rogers	Completed A slot has been provided at Item 4 on the February agenda.	

Minute	Report Title	Action for	Action	Comments	Status	Due date
65.	Annual Report and Statement of Accounts	Joanne Walton/Rob Sanderson	There was a request to see details of underpayments.	Joanne Walton to prepare report and Rob Sanderson to add to plan.	Completed – e-mail sent 11/1/2019.	
66.	Risk Monitoring	Joanne Walton	A question was raised regarding how ratings on the website would be viewable for people who were colour blind.	To look into for February	Completed – the revised risk register being presented at this meeting has additional consideration for members who are colour blind and these will be explained.	
67.	Independent Investment Manager Discussion	Democratic Services	The Pension Committee had considered the issue a few years ago and had not appointed. It was suggested that the reason for this decision should be added to the list of questions to ask the Chairman of the ISC.	Democratic Services to contact Councillor Rogers	Completed Item 4 on the agenda	

Minute	Report Title	Action for	Action	Comments	Status	Due date
69.	ACCESS Asset Pooling Update	Tracy Pegram	<p>The Chairman of the Joint Committee had agreed to write to the Scheme Advisory Board outlining the Joint Committee's concerns regarding extending the membership.</p> <p>There was a query that the letter should be made available to the Board so that it could see the detail of the concerns.</p> <p>Should the letter be deemed confidential and not able to be released, the Board would require justification reasons.</p>	<p>The letter from the ACCESS Joint Committee (AJC) to the Scheme Advisory Board is to set out the AJC's justification for not extending its membership.</p> <p>A copy of the letter is to be circulated to the Local Pension Board members when available.</p>	Ongoing – the publication of the letter has been deferred as a consultation on member observation is being released from MHCLG – (Ministry of Housing Communities and Local Government) by the end of December 2018.	
69.	ACCESS Asset Pooling Update	Tracy Pegram	Barry O'Sullivan asked for the background to the Joint Committee representation.	At the meeting it was started membership of the ACCESS Joint Committee comprises the Chairman/Chairwoman of each of the partner Fund's Pension Committees.	Ongoing - an email will be sent before the meeting	

MINUTES OF THE PENSION FUND COMMITTEE

Date: Thursday 18th October 2018

Time: 10:00-12.45 pm

Place: Room 128, Shire Hall, Cambridge

Committee Members

present: County Councillors D Ambrose Smith (substituting for Cllr Hickford), P Downes, A Hay, R Robertson, T Rogers (Chairman), M Pink and M Shellens; L Brennan and J Walker

Officers: C Blose, S Heywood, R Sanderson, T Pegram, J Walton and M Whitby

Advisor: G Nathan

Observer: Cllr S King

Apologies: Cllrs R Hickford (Vice-Chairman), J Schumann and D Seaton,

85. DECLARATIONS OF INTEREST

John Walker declared a personal interest (i) as a retired member of the Local Government Pension Scheme (LGPS), (ii) his daughter-in-law was a current member of the LGPS and (ii) his son was a deferred Member of the LGPS.

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

Councillor R Robertson declared a personal interest as his wife was in receipt of a small pension.

86. MINUTES AND ACTION LOG OF THE PENSION FUND COMMITTEE MEETING HELD ON 26th JULY 2018

The minutes of the Pension Fund Committee meeting held on 26TH July 2018 were approved as a correct record and were signed by the Chairman.

The following item was noted under the Action Log:

Item no. 82 - The Annual Review of the Fund Investment Managers - the request to include a column in the manager summary table comparing the Mercer rating and opinion for the previous year had been noted and would be included in future reports. **Action: Paul Tysoe**

The Committee noted the Action Log.

87. PENSION FUND ANNUAL BUSINESS PLAN UPDATE

This report presented an update of the Pension Fund Business Plan.

Attention was drawn to:

- Paragraph 2.1.3 'Implement Additional Posts to the Structure' which indicated that an oral update would be provided to advise the outcome of the Data Quality Officer interviews and the progress in establishing the Communications Officer Post. In terms of the Data Quality post, interviews had taken place with two candidates, but neither had been considered suitable. As a result, a different approach was to be looked at, including approaching other Pension Funds through the Local Government Association. The Communications Officer recruitment process was still ongoing.
- Paragraph 2.2.1 Legal Services Procurement - It was explained that the Fund needed to procure its own supplier of Legal Services that had a specialism in pensions and investment law using the national LGPS Framework for Legal Services. As it was due to expire in January 2019, the Committee was recommended to delay the activity until the New Framework had been refreshed in order to allow the Fund to take advantage of revised and more beneficial terms and conditions from updated potential suppliers.
- Paragraph 2.2.3 GC8 - Guaranteed Minimum Pension Reconciliation / Rectification – Her Majesty's Revenues and Customs (HMRC) were until 31st December 2018 operating a reconciliation service for schemes to query and amend data held in order to comply with requirements following the end of contracting out. This required all pension schemes to reconcile their scheme members' contracted out liability against that recorded by HMRC. The deadline for queries requiring a second review by HMRC was 31st October.

Arising from the report:

- Questioning why there were not many targets, numbers or dates on the Business Plan update. It was explained that this was a high level update reviewing milestones and it had not been the intention to go into that level of detail.
- One Member, following up on the above, suggested that a Business Plan should include basic targets and key performance Indicators (KPI's). In reply it was explained that KPI's were not used in respect of projects, but that progress against project objectives was reported and would continue to be undertaken on a quarterly basis.
- It was suggested, and this was supported by the Committee, **that future updates should be more specific to include what action was required, the current update position (where we are) and the end date for the project Action: J Walton**
- With reference to GC9 – Pensioner administration v pensioner payroll records rectification - The retired Members Union representative highlighted two cases of large overpayments which had been brought to his attention, one going back to 2011-12, which were causing hardship in terms of paying back the overpayment. He wanted to ensure it was not a growing trend and queried why they had not been spotted earlier and whether the current

systems were adequate. The Member was reminded that the Policy as agreed by the Committee was to seek repayment with LGSS entitled to recoup the sums involved. In the two cases referred to, the members had been offered an extension of the repayment periods. While accepting that in the past reconciliations had not happened in Cambridgeshire, GC9 was all about the rectification exercise which had begun following the migration of the pensioner payroll to the Altair payroll in 2016 to ensure overpayments did not occur. **Action: There was a request to the officers to respond in an e-mail to the specific cases quoted by John Walker and provide more information on the rectification being undertaken.**

Having commented, it was resolved unanimously:

- 1) To Note the Pension Fund Business Plan update for the first meeting of the 2018-19 financial year.
- 2) To approve the delay in the procurement of Legal Services until January 2019 as set out in paragraph 2.2.1 of the report.

88. ADMINISTRATION PERFORMANCE REPORT

This report set out a number of the key areas of administration performance for consideration by the Committee to help ensure effective and efficient governance and administration of the Pension Fund.

In discussion:

- Appendix 1 page 33 the two figures in the estimate and forecast totals were both showing as minus figures.
- A member asked if benchmarking was available to assess administration performance with other funds. It was explained that this Committee had previously rejected The Chartered Institute of Public Finance and Accountancy (CIPFA) benchmarking of performance, and only wished to be informed if the Fund performance deviated to a large extent to the performance of other Funds. The Fund was however still part of the CIPFA Benchmarking club with CIPFA undertaking a benchmarking review on an annual basis This was due to be published in November with Cambridgeshire's data having already been submitted. The Fund was within the average cost bracket for Funds. **There was a request for the CIPFA return information to be sent to the Committee. Action: Jo Walton**

The report was noted.

89. EXCLUSION OF PRESS AND PUBLIC

It was resolved:

That under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following three items of business on the grounds that they contain exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act

1972, as amended (information which is likely to reveal information relating to the financial or business affairs of any particular person) and that it would not be in the public interest for this information to be disclosed.

90. HYMANS ROBERTSON EMPLOYER ASSETS TRACKER (HEAT)

This report presented the Committee with information regarding the Hymans Robertson Proprietary Employer Assets Tracker system (HEAT) already purchased by Northamptonshire Pension Fund. The system enabled the monthly tracking of Fund assets at the scheme employer level, providing live asset information. It was also able to base assets on different investment scenarios. This compared to the current position where assets determination allocated to each scheme employer was only undertaken at the triennial valuation with no monthly or even annual tracking being undertaken on employer accounts. The projected asset share became less and less accurate the further it moved from the triennial valuation. Feedback from Employers was that this was unsatisfactory.

In discussion:

- It was suggested that a table showing the final cost figures would have been helpful, rather than having to extract them from various paragraphs of text.
- A question was raised on how a multi investment strategy approach would affect the investment strategies of individual employers in the context of asset pooling. In reply, individual funds currently took their own decisions on investments, the Pool was there to make strategies available to help deliver them / help model them to a Fund's requirements.
- In reply to a question raised on whether HEAT was used by other authorities, the answer was yes, but the majority were at Stage 1, with only one at Stage 2.

In order that the Committee could discuss the matter further and make a decision on the recommendations Geoff Nathan (Actuarial Department Hymans Robertson) withdrew from the meeting.

A further issue clarified, was that the Pension Fund would be tied to the actuarial contract for two valuation cycles – six years giving the product a reasonable minimum life - if it was agreed to purchase HEAT, after which time the market for the actuarial contract could be tested for other provider products.

It was resolved by six votes in favour with two abstentions

To approve the purchase and implementation of HEAT.

91. OUTLINE OF FUND VALUATION PROCESS

The report and the tabled presentation Appendix 3 titled 'Actuarial Valuation and Funding Strategy Statement Updates' provided the Committee with both an overview of the presentation to be delivered by the Scheme Actuary and an outline of the process for the 2019 Cambridgeshire Pension Fund Valuation.

The report sought approval to consult on amendments to the Funding Strategy Statement following changes to Scheme Regulations and the key time lines when approvals would be required. The existing Funding Strategy Statement 2016 was attached as Appendix 1 Page 53-98 with the Updated 'Funding Strategy Statement October 2018' set out at Appendix 2 starting on page 99 to 144.

It was highlighted that one of the main changes was in respect of exit credits to employers. Previously where there was a surplus in Employer payments compared to their individual liabilities, the Fund retained it (while if the Employer contributions was in deficit, at exit they needed to pay it back). The latter still applied, but any credits accrued had to be returned to the Employer within three months. This arrangement had shifted the risk to the Fund, as while there were always the funds to pay for any surplus identified, if there was a deficit, there was no certainty of recovering the monies owed. The way to deal with this would be by way of a risk sharing approach. The amendment required to the Policy was shown on page 118.

Issues raised in discussion included:

- With reference to D5 'How is each employer's assets share calculated' on page 91 and the statement reading "the Administering Authority does not account for each employer's assets separately, instead the Fund's actuary is required to apportion the assets of the whole Fund between the employers, at each triennial review". A question was raised on what was involved in identifying the gap between assets and liabilities in order to make judgements on employers' contributions? It was explained that two exercises were undertaken, with the opening position on funding levels looking at one set of assumptions, and then as a second stage, projecting forward to a point in the future, to check if there were sufficient assets to cover expected liabilities. This was then undertaken for each employer as a check on the necessary contribution required. While the overall funding level was important, more important was the future contribution rates.
- A question was raised on how the Fund calculated increasing variables such as: fewer employees; the probability that a Council will collapse within 2-3 years and assumptions on longevity. In reply in terms of longevity this was levelling off in some areas as a result of increased obesity. The valuation looked at the long term as opposed to short term financial volatility, with each type of asset investment having different projections.
- Page 60 Paragraph 2.5 second paragraph last line reading: "The amount of deficit or shortfall is the difference between the asset value and the liabilities value". A Member highlighted that he believed the word 'shortfall' in the sentence should be replaced by the word 'surplus'.
- Some Members suggested that the updated Strategy at Appendix 2 should have included side bars / or clear identification of the changes within the document (e.g. insertions bold, deletions shown as strikethrough) showing the track changes. This was agreed as required for future update documents. **Action Mark Whitby / Jo Walton.**
- Page 140 (b) Salary Growth showing as 1% per annum until March 2020 - in reply to a question raised in the light of the Prime Minister's recent announcement regarding the end

of austerity, it was confirmed that this would be reviewed. **Action Mark Whitby / Jo Walton.**

It was resolved:

- 1) To note the contents of the report.
- 2) Approve the amendments to the Policy as set out in the revised Policy document at Appendix 2.

92. ACCESS ASSET POOLING UPDATE

This report updated the Committee on the Access Joint Committee meeting held on 19th September 2018.

In discussion:

- It was clarified that the acronym OWG used in paragraph 2.3.3 referred to officer working group.
- There was a request for an update on access costs. **Officers undertook to provide the latest report to Members outside of the meeting Action: Mark Whitby / Jo Walton**
- It was highlighted that there were proposals to change the Pool to becoming a segregated fund as this had tax advantages. The detail of such proposals would be the subject of a future report to the Committee.
- The retired member representative expressed his disappointment on the decision regarding Board members not having representation on the Joint Committee, stating that nationally two pools already had such arrangements. He expressed the view again that there should be Board representation or at least, in an observer capacity. His views was that the Pool was not filtering down adequately their activities to other Members. He wanted his views recorded that the Joint Committee should reconsider their decision.
- Councillor Robinson a new member asked to be provided with background papers regarding setting up the ACCESS pool. He also questioned whether there was a responsible Investment Policy taking account of environmental issues. **Action Officers to provide the necessary report outside of the meeting Action: Mark Whitby / Jo Walton**

It was resolved:

1. To Note the Asset Pooling Update.
2. Note the exempt Minutes attached as an appendix to the report from the ACCESS Joint Committee meeting of the 11th June.

The rest of the meeting now resumed as a meeting open to the public.

93. GOVERNANCE AND COMPLIANCE REPORT

This report provided information on:

- 1) Potential, new or amending legislation affecting the LGPS;
- 2) On other pensions legislation;
- 3) Activities of the LGPS Scheme Advisory Board and the Pensions Regulator;
- 4) On issues concerning the governance of the Local Government Pension Scheme (LGPS) on a national and local basis; and
- 5) Skills and knowledge opportunities.

The report was noted.

94. REVIEW OF THE REPORTING BREACHES OF THE LAW TO THE PENSIONS REGULATOR POLICY

This report presented the review of the reporting breaches of the law to the Pensions Regulator Policy. The main changes were set out on page 176. As there were no questions,

It was resolved:

To approve the reporting breaches of the Law to the Pensions Regulator and Delegate to the Head of Pensions in consultation with the Chairman any immaterial amendments to the policy.

95. CAMBRIDGESHIRE PENSION FUND DATA IMPROVEMENT POLICY AND PLAN

The Public Service Pension Act 2013 came into effect on 1 April 2014 and increased the powers of the Pensions Regulator to ensure that public service pension schemes had appropriate measures in place to ensure high standards of governance and administration. The code of practice 14 – governance and administration of public service pension schemes addresses the need for high standards of accurate data and states that schemes must regularly review the data held and put in place a Data Improvement Plan to address any issues.

This report presented the Data Improvement Policy (Appendix 1) and the Data Improvement Plan (Appendix 2) which had been drafted for Committee approval to demonstrate to the Pensions Regulator that the Fund has reviewed the quality of its data and has an ongoing approach to ensuring the Fund has appropriate processes in place to consistently hold accurate data. It was explained that there was no standard way to store data and different

pension funds used different methods. Cambridgeshire had been very transparent in its self-scoring and been tougher than some other Funds.

Issues raised in discussion included:

- The suggestion that as data collection monitoring improved, future update reports should provide details of the original data figures. It was explained that the test would be that the right benefits were being paid. It was not known how it would change liabilities but the expectation was that it would improve efficiency.
- Requesting an update on overseas pension payments where the addresses could not be contacted. It was explained that pensions were no longer being paid if people could not be traced overseas. Failure to find the correct addresses however was being counted as a fail on the return to the Pensions Regulator which was not the policy being adopted by some other Funds when completing their returns.
- Further to this, a question was raised on whether the person could be written off if they did not respond to correspondence within a reasonable timeframe. In reply it was indicated that they were not written off as a death certificate was required in order to close the records. The benefits were paid into an ESCROW Fund until they were claimed, otherwise they sat there suspended.

It was resolved

To approve the Data Improvement Policy and Plan.

96. EMPLOYER ADMISSIONS AND CESSATIONS REPORT

This report provided an update on admissions and cessations to the Cambridgeshire Pension Fund since the last report paper reported. It detailed the seven admission bodies and provided details on the termination of one scheduled body from the Cambridgeshire Pension Fund.

Questions raised included:

- Whether there was any discretion on admitting bodies in terms of the average number of employees to employers as the fixed costs could be an issue. In reply detail was provided on charities, but the Fund aimed to minimise the costs for small employers. The aim would be to ensure the Pension Fund was not making its Admissions Agreement too difficult to discourage new entries, as new contributions needed to be encouraged.
- In answer to how many cessations were currently in transit the reply was 16.

It was resolved:

1. To note the admission of the following admission bodies to the Cambridgeshire Pension Fund:

Everyone Health Limited
Edwards and Blake

Lunchtime UK Limited for the following contracts:

- *Houghton Primary School*
- *Friday Bridge Primary*
- *The Ashbeach Primary School*
- *St Laurence Catholic Primary School*
- Clean Slate (Histon Early Years Centre)

2) Note the termination of the following scheduled body from the Cambridgeshire Pension Fund:

- *St Neot's Learning Partnership Trust.*

97. PENSION FUND ANNUAL REPORT AND STATEMENT OF ACCOUNTS

The Committee received a report presenting the final audited Annual Report and Statement of Accounts of the Pension Fund for the 2017-2018 financial year.

Issues raised included:

- Page 238 - Timelines of Contributions three year forecast of income and expenditure - with reference to the net returns on investments of around the £100k figure, a question was raised on how this affected the funding position and whether the projected forecasts were material. In reply it was explained that currently there was a £24m surplus which was expected to increase over the next three years. The figures on investment income of around £30m estimated in each of the next three years could be used to help the cashflow position.
- Page 239 - Management Expenses - Councillor Robertson, a new Member, asked for an explanation of the large discrepancy between the estimated outturn and the final outturn in respect of management expenses and whether any benchmarking was carried out? It was explained that the forecast was based on how investment rates were forecast to perform. It was not possible to accurately forecast the future and higher returns than forecast resulted in higher final management fees where pay was linked to performance. While it appeared to be a large figure, it was in relation to a fund of £3 billion. Update reports reviewing management expenses and fees were received by both this Committee and the Investment Sub-Committee.
- Further to the discussion on management expenses, it was suggested an additional line should be included extrapolating how much of the fee represented performance related pay. In reply it was highlighted that this information was shown at 11a on page 296. Further to this reply, it was suggested that a note was included on page 239 cross referencing to page 296. This was agreed. **Action: T Pegram**

- There was request for a breakdown of Assets under Management fees **Action: T Pegram**
- Page 240 – There was a query regarding recovery of overpayments of Pension noting the increase in them in the last two years compared to 2015-16 asking what happened if they were not recovered. In reply, as detailed in the table, it was confirmed that they would be written off. (Write-offs as a percentage of payroll was miniscule as set out in the table at 0.02%) The Member suggested a further column showing the amount still under active review in respect of monies not recovered would be a useful addition. **Action: T Pegram to look into**
- Page 243 table - Age Profile of Fund Membership as at 31st March 2018 - Councillor Shellens requested a copy of the previous year's table. **Action: T Pegram**
- Page 239 and Page 250 it was highlighted that the employer contribution figures were not the same. Page 239 - £103,041,529 and £103,088 on Page 250. It was confirmed that the figures should be the same.
- Page 283 - the line showing profits on disposal of investments – in reply to a Member who suggested that it was not wise to show this it was explained that the CIPFA guidelines required it.
- Page 283 - On a question raised at the previous meeting regarding why tax had been paid on income in the year just ended but not in the previous year, enquiries of the custodian had confirmed that the £329k shown as tax on income at 31st March 2018 was made up of two transactions, of which one totalling £162k was recoverable. It had been agreed with the External Auditor that it would be left in the accounts as it was immaterial and instead, an amendment would be made in 2018-19. The £167k not recoverable was due to the payment method used by the Income issuer.
- Page 255 – Investment Manager Profiles and Performance Targets for 2017-18 – A question was raised regarding why the target above benchmark column was shown as not applicable for most items. It was explained that this was because they were passive investment managers so they would not have a benchmark score. However as reassurance, it was explained that the Investment Sub-Committee received quarterly updates on investment managers' performance.
- Members discussed the vulnerability of funds to Brexit. Officers stressed that the Fund was global, with exposure to UK markets limited to around 24%. It was explained that Mercer had just produced a report on the potential exposure to Brexit, and it was agreed to circulate it. **Action T Pegram**
- Officers agreed to provide the Annual Report (Investment Manager Fee and Transactions Cost Review), Mercers Annual Investment Manager Review and the latest Investment Performance Report as background for Councillor Robertson. **Action: Mark Whitby / Jo Walton**

- There was a request to provide as background to Councillor Robinson, training day reports and also for Paul Tysoe to have a session with the new Members. **Action T Pegram / Paul Tysoe**

It was resolved:

To note the report.

98. DATE OF NEXT MEETING MOVED FROM 6TH TO 13TH DECEMBER

**Chairman
13th December
2018**

MINUTES OF THE PENSION FUND COMMITTEE

Date: Thursday 13th December 2018

Time: 2.00 -3.00 pm

Place: Room 128, Shire Hall, Cambridge

Committee Members

present: County Councillors: R Hickford(Vice-Chairman), T Rogers (Chairman), J Schumann and M Shellens;
All Other Local Authorities, Police and Fire: Councillor R Robertson,
Member Representative: J Walker

Officers: C Blose, S Heywood, M Oakensen, R Sanderson, P Tysoe and J Walton

Advisor: None

Observer: None

Apologies: Councillor A Hay and L Phanco and M Pink

99. DECLARATIONS OF INTEREST

John Walker declared a personal interest (i) as a retired member of the Local Government Pension Scheme (LGPS), (ii) his daughter-in-law was a current member of the LGPS and (ii) his son was a deferred Member of the LGPS.

Councillor R Robertson declared a personal interest as his wife was in receipt of a small pension.

Councillor J Schumann declared a personal, non-prejudicial interest in item 11 Employers Admissions and Cessations Report as a Trust Director for Staploe Education Trust.

100. MINUTES AND ACTION LOG OF THE PENSION FUND COMMITTEE MEETING HELD ON 18th OCTOBER 2018

The minutes of the Pension Fund Committee meeting held on 18th October 2018 were approved as a correct record and were signed by the Chairman.

The Committee noted the Action Log.

101. PENSION FUND ANNUAL BUSINESS PLAN UPDATE 2018-19

This report presented an update of the Pension Fund Business Plan.

Issues raised in debate included:

- Page 23 Mortality Screening and Member Tracing Service Procurement – One member

highlighted that there was not much time to decide on the preferred procurement method as the target for completion was 31st December. Of the two approaches, the verbal update was the preference being for a mini-competition.

- **Page 28 Paragraph 2.4.2 Ops2 - Establish a non-interest bearing ESCROW account for 'out of scheme' payments** – The action by the administering authority to hold specific pension scheme benefits in such an account had been completed. One Member highlighted that this was an area where fraud could occur.
- Another Member following on from the above, asked what happened if people never claimed the money owing to them? **There was a request for a more detailed explanation to this question to be provided to the whole Committee outside of the meeting. Action: Paul Tysoe**
- Page 29 2.5.1 -IA3 Local Direct Investment – second paragraph third line of the update - a Member sought greater explanation of the statement in the third line reading "...it was determined that a more streamlined approach could be used to procure a fund manager to meet the Fund's needs." In reply it was clarified that in certain areas of recruitment a professional advisor was normally sought, but in this case as it was a direct investment in Local Economic Development Funds, standard advice from Mercers was not available as they did not hold Fund manager information at this level. The specification requirements for the Fund Manager were submitted to the Investment Sub Committee (ISC). Subsequently, two fund managers were invited to present proposals to the ICS. While one manager had offered a suitable solution, for further comparison purposes the ISC requested officers invite additional providers to a subsequent ISC meeting. Officers were currently liaising with additional providers with the intention of making presentations to the ISC in February 2019.
- Page 29 - **2.5.2 - IA4 – Responsible investment Action** – explanation requested on the paragraph reading: "Implement full actions arising from Responsible Investment Information Day; to include signing up to UK Stewardship Code, increasing the Fund oversight of ESG integration into investment manager decisions, and monitoring and reporting of investment manager voting" . This was in respect of a series of information days held three times a year for both Northamptonshire and Cambridgeshire Pension Committee members. A further engagement day was due to be held in February to discuss 'Responsible Investment and in particular fund manager engagement and voting in line with the Stewardship Code.. **Councillor Robertson requested that he should be sent a copy of the UK Stewardship code. Action: Paul Tysoe**
- **Page 29-30 Strategic Asset Allocation Review** – there was a request for an update on the workshop agreed for January. No date had yet been finalised, but officers would contact Members with a suggested date shortly. **Action: Paul Tysoe**

Having commented, it was resolved unanimously:

To Note the Pension Fund Business Plan update for the third meeting of the 2018-19 financial year.

102. ADMINISTRATION PERFORMANCE REPORT

This report set out a number of the key areas of administration performance for consideration by the Committee to help ensure effective and efficient governance and administration of the Pension Fund.

In respect of the confidential appendix and one employer identified with a very large late payment, officers clarified that the case had been investigated further with assurance provided that it had been an oversight and that it would not happen again.

In discussion:

- Page 42 - table receipt of employer and Employee contributions - explanation was requested for the big drop for employers paid on time for the April / May months. **Officer to find out and write to the Committee. Action M Oakenson.**
- One Member challenged why appendix 2 was classed as confidential as in his view naming and shaming those employers providing late payments to the Fund should be included as part of the public record. The reason currently given for the exclusion was that it revealed business information about particular employers. There was a request that LGSS Law should be asked to take a view. **Action: M Oakenson to contact LGSS Law to seek a legal view on the rationale for the information in the appendix being confidential and not open to the public, including their opinion of whether it would be reputationally damaging or commercially sensitive should their names be disclosed as part of the public report.**

The report was noted.

103. GOVERNANCE AND COMPLIANCE REPORT

In introducing the report officers highlighted the section on the mandatory Annual Scheme Return showing that Cambridgeshire Pension Fund's common data score was 82.21% and the scheme specific data score was 73.13%.

As highlighted in discussion at the previous meeting, other LGPS Funds and other types of pension schemes calculated their scores differently. As a result in the first year of data scoring it would not be unreasonable to see a wide variety of scores until such time as very specific and detailed guidance was provided. It was not known currently how the Pensions Regulator would use the data scores, with the results not expected to be published until the New Year. Concerns were raised if any conclusions were to be drawn from data that was not like for like, or was not from the same snapshot period of the year. **Action: Follow up by the officers to contact the Pension Regulator to convey these concerns: Jo Walton**

It was resolved unanimously to note:

- 1) Information on potential, new or amending legislation affecting the LGPS;
- 2) Information on other pensions legislation;
- 3) Activities of the LGPS Scheme Advisory Board and the Pensions Regulator;
- 4) Information on issues concerning the governance of the Local Government Pension Scheme (LGPS) on a national and local basis; and
- 5) Skills and knowledge opportunities.

104. CAMBRIDGESHIRE PENSION FUND TRAINING STRATEGY 2018

The current Training Strategy had been in place for 12 months. This report provided details of a review undertaken to ensure the Training Strategy was still fit for purpose. Section 2 and Appendix 1 of the report provided details of the main changes between the existing Strategy (included as Appendix 3 to the report) and the revised proposed Strategy set out in Appendix 2 of the Officers' report. The proposals also included a change recommended by the Pension Fund Board as detailed in paragraph 3.1.

It was highlighted that:

- Based on the experience gained, some training requirements were now proposed to be compulsory in terms of the knowledge deemed to be required for Committee members to undertake their duties effectively. These were included in paragraph 15.5 of the new Strategy.
- One change proposed as an oral update was that attendance at an approved conference would accrue a maximum of four credits.
- There was a request to alternate the venues for joint training days and not only have them at Wyboston Lakes training centre. It was suggested that for some people in Cambridgeshire, Grafham Water a venue had been used in the past, would be more convenient. It was explained that Wyboston had been used as it was a central location for both Cambridgeshire and Northamptonshire and that alternating venues would mean members travelling to either Grafham Water or Knuston Hall. Wyboston Lakes had been used as it was more central for all parties. **Officers were however happy to take on board the suggested steer and look to alternating the venues. Action: P Tysoe**

It was unanimously resolved:

To approve the Revised Cambridgeshire Pension Fund Training Strategy set out in Appendix 2 of the report.

105. DATA IMPROVEMENT PLAN PROGRESS REPORT

This report detailed progress made against the Pension Fund Data Improvement Plan with a summary of the full list of data activity improvements included in Appendix 1 to the report and the activities in progress set out in section 2 of the report.

The report was noted.

107. ADMINISTERING AUTHORITY DISCRETIONS POLICY

In October 2012 the Cambridgeshire Pension Fund Board (as the Committee was originally known) agreed a set of policies in relation to the exercise of the discretions that could be exercised by the administering authority. The policies were reviewed and updated in June 2014 following the introduction of the revised Local Government Pension Scheme on 1 April 2014.

The introduction of The Local Government Pension Scheme (Amendment) Regulations 2018 (S.I. 2018 No. 493), has brought in a number of changes in relation to discretions and it was therefore appropriate to review and update the existing discretions and the Regulation references to ensure they remained appropriate. Appendix 1 to the report provided a comprehensive list of all administering authority discretions that the Fund was able to exercise, together with the relevant regulation references and the proposed Policy.

It was highlighted that the proposed Policy only dealt with the discretions required to be exercised by Cambridgeshire County Council in its role as an administering authority. Policy decisions would apply to all employers and scheme members in the Cambridgeshire Pension Fund. On the whole, administering authority discretions carried little risk as they related to day to day operational matters. Having a set of formally approved policies provided good governance and assisted LGSS Pensions to administer the Fund consistently.

The proposed changes were highlighted in grey shading in Appendix 1 to the report. The Chairman took each revised section page by page inviting any comments.

On page 116 Payments relating to death - the reference to councillor members was clarified as being in respect of deferred councillor members.

Having considered the proposed changes,

It was resolved unanimously:

To approve the updated Administering Authority Discretions Policy.

108. UPDATE ON THE VALUATION OF THE FUND

This report provided an update on key activities related to the valuation of the Fund.

It was highlighted that:

- On the analysis of key assumptions on the Actuary, a report would be coming back to Committee in March for decision.
- Paragraph 4.4 set out the activities currently at the planning stage to come back to the March Committee meeting.

Officers were reminded of the need to avoid using technical or other acronyms in reports without first spelling them out first e.g. in Paragraph 4.4 the acronym 'HEAT' without spelling out that it stood for which in this case was 'Hymans Robertson Employer Assets Tracker'.

The report was noted.

109. EMPLOYER ADMISSIONS AND CESSATIONS REPORT

This report provided details of:

- the admission of seventeen admitted bodies to the Cambridgeshire Pension Fund under fifty-two separate admission agreements, forty three of which related to the winding up of Cambridgeshire County Council Catering Services and the resulting admission of 13 new bodies.
- the admission of one scheduled body to the Cambridgeshire Pension Fund.
- The winding up of Drinksense and their cessation from the Pension Fund.

In discussion:

- With regard to the deficit identified for Drinksense following their winding up and payment of debts, the final identified deficit was stated to be £114,800 less £27,890 of cash they still had available. (A Member highlighted that the deficit figure was in fact nearer £117,000 due to an arithmetical error in the figures shown) The deficit to the Fund arose due to the type of admission as back in 1982 when they formed there was no guarantor required under the regulations in force at that time. As a result, the unpaid deficit, in the region of £89,910, was required to be spread amongst all employers in the Fund.
- As the above was not the first such instance of the Fund having to subsidise a deficit due to there not being a guarantor and having requested details previously, the Vice Chairman asked that **officers provide a list of admitted bodies that had no guarantor and also provide a note that sets out the legal position regarding any culpability on Charity trustees to the deficit of a charity they were trustees too. Action: C Blöse**

It was resolved unanimously to note:

1. the admission of the following admitted bodies to the Cambridgeshire Pension Fund:
 - Aramark
 - Freedom Leisure
 - P3 – People, Potential and Possibilities
 - YMCA

The following 13 new admitted bodies relate to the closure of Cambridgeshire County Council Cleaning and Catering Service (CCS):

- ABM Catering Ltd
- Aspens Services Ltd
- Caterlink Ltd
- Easy Clean Ltd
- Edwards & Blake Ltd
- Nourish
- Pabulum
- VHS Cleaning Services Ltd
- Alliance in Partnership
- Clean Tec Services
- Ecoclean
- Nightingale Cleaning Ltd
- Taylor Shaw Ltd

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

- Orbis Primary Trust

3. The winding up of Drinksense and their ability to only partially fund their exit payment.

110. EXCLUSION OF PRESS AND PUBLIC

It was resolved:

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

111. ACCESS ASSET POOLING UPDATE

This report updated the Committee on the progress of the Access asset pooling project.

It was resolved:

To Note the Asset Pooling Update.

112. DATE OF NEXT MEETING 28th MARCH 2019

Chairman
29th March 2019

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

Date: 15 February 2019

Report by: Head of Pensions

Subject:	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:	Michelle Oakensen – LGSS Pensions Governance Officer moakensen@northamptonshire.gov.uk

1. Background

1.1 One of the core functions of the Pension Fund 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.

2. Administration Reporting

2.1 Variances against the forecast of investments and administration expenses

2.1.1 The tables in **appendix 1** provide an update of the Fund account, investment and administration income and expenditure against the cash flow projection outlined in the Annual Business Plan as agreed by the Pensions Committee in March 2018.

2.2 Key Performance Indicators – LGSS Pensions

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

2.2.2 For the period 1 September to 31 December 2018 the Fund has met all targets. The detail surrounding the performance of the service can be found in **appendix 1**.

2.3 Receipt of Employee and Employer Contributions

2.3.1 Employers in the Fund have a statutory obligation to arrange for the correct deduction of employee and employer contributions and to ensure payment reaches the Pension Fund by the 19th of the month following the month of deduction. Providing an associated monthly statement/schedule in a format acceptable to the Administering Authority.

2.3.2 The table in **appendix 1** shows the percentage of employers in the Cambridgeshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late for the period 1 October 2017 to 30 November 2018.

2.3.3 Details of late paying employers for August, September, October and November 2018 can be found in **appendix 2 (private)** of the report.

2.4 Large overpayments

2.4.1 One overpayment amounting to £3,434.83 occurred due to a child's pension being overpaid. The child attained age 18 on 6 March 2017 and the appropriate review was not conducted at the time. The review was conducted in August 2018 and recovery of the overpayment is being sought. Processes have been tightened to ensure these reviews are carried out at the appropriate time to mitigate against the risk of further overpayments in this area.

2.4.2 In addition, another overpayment amounting to £3,021.13 occurred due to a delay in the Fund being informed that a member had died, this overpayment is being sought in line with business as usual processes.

3. Relevant Pension Fund Objective

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

4. Finance & Resources Implications

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

5. Risk Management

5.1 The Fund's Administration Strategy sets out the performance standards of both the scheme employer and the administering authority (LGSS Pensions). The Pension Fund Committee and Local Pension Board are expected to monitor performance standards through information contained within the Administration Report which is presented at each meeting.

5.2 The risks associated with either scheme employer or the administering authority failing to meet those performance standards have been captured in the Fund’s risk register as detailed below.

Risk register	Risk mitigated	Residual risk
Governance (risk 1)	Failure to administer the scheme in line with regulations and policies.	Green
Governance (risk 13)	Failure to have formal monitoring of Key Performance Indicators in place leading to officers being unable to produce accurate performance management reports.	Green
Investment and Funding (risk 19)	Contributions to the Fund are not received on the correct date and for the correct amount.	Amber
Administration and Communication (risk 45)	Effective performance management is not in place for the administration of the Fund.	Green

5.3 The full risk register can be found on the LGSS Pensions website at the following link: <http://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

6. Communication Implications

Direct Communications	The Fund publishes performance against the key performance indicators in the regular reports to the Pension Fund Committee and Pension Fund Board and in the Fund’s Annual Report.
------------------------------	--

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 LGSS Pensions Key Performance Indicators

11.2 Appendix 2 Late payments of employee and employer contributions (private)

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 30/1/2019

Appendix 1 – LGSS Pensions Administration Report

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

Fund Account	2018-19 Estimate	2018-19 Forecast	Variance	Comments
	£000	£000	£000	
Contributions ¹	(129,000)	(127,000)	2,000	Decrease due to membership movements.
Transfers in from other pension funds ²	(4,907)	(5,150)	(243)	Forecast shows actuals to date plus actual monthly average for remaining month.
Total income	(133,907)	(132,150)	1,757	
Benefits payable ¹	101,000	102,000	1,000	Slight movement due to membership changes.
Payments to and on account of leavers ²	7,246	7,464	218	Forecast shows actuals to date. Further payments out will be demand led.
Total Payments	108,246	109,464	1,218	
	(25,661)	(22,686)	2,975	
Management Expenses	8,494	8,316	(178)	See analysis below.
Total income less expenditure	(17,167)	(14,370)	2,797	
Investment income	(30,000)	(27,235)	2,765	Forecast reflects actual to Q2 plus average actual income for Q4 forecast.
Taxes on income	-	75	75	Tax incurred on Real Estate Funds
(Profit) and losses on disposal of investments and changes in the market value of investments	(77,000)	(236,773)	(159,773)	Forecast reflects actual to Q2.
Net return on investments	(107,000)	(263,933)	(156,933)	
Net (increase)/decrease in the net assets available for benefits during the year	(124,167)	(278,303)	(154,136)	

Management Expenses	2018-19 Estimate	2018-19 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	2,658	2,507	(151)	See analysis in table below.
Total Governance Expenses ³	449	479	30	Increase in ACCESS costs.
Total Investment Expenses ⁴	5,387	5,330	(57)	Actuals to Q2 plus actual average for Q4
Total Management Expenses	8,494	8,316	(178)	

Administration Expenses Analysis	2018-19 Estimate	2018-19 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	1,436	1,285	(151)	Expected underspend due to vacant posts.
Altair System	287	287	-	
GMP/Payroll Reconciliation Project ⁵	60	60	-	
CRM and new website	25	25	-	
Communications	23	23	-	
Other Non-Pay and Income	212	212	-	
County Council Overhead Recovery	615	615	-	
Total Administration Expenses	2,658	2,507	(151)	

Notes:

¹ Contributions and benefits are based upon underlying trends in membership and contribution rates, pensions in payment and expected increases.

² Transfers in and out have been based upon the actual experience to 31 December 2018 plus an average of actual transfers in and out of the scheme to date to forecast the movement in January to March 2019.

³ Governance and investment expenses are expected to remain at levels similar to the current year, increasing in line with inflation. Within the governance expenses for 2018/19 is £130,000 in respect of ACCESS related costs (2017/18 £100,000).

⁴ Investment expenses are mainly driven by fees paid to managers and are based upon actuals to 31 December 2018 plus a monthly average of actuals incurred to forecast movements in January to March 2019.

⁵ The GMP and Payroll reconciliation costs are a one-off expenditure in order to meet the requirements of HMRC as a result of the introduction of the new state pension and cessation of contracting-out in defined benefit schemes. External expertise was required to complete this project in the most effective manner. The unused budget from 2017/18 has been carried forward to meet the cost incurred this year.

Key Performance Indicators – LGSS Pensions September, October, November and December 2018

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Notify leavers of deferred benefit entitlement	Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information.	90%	September: 152 October: 156 November: 196 December: 139	152 156 196 139	0 0 0 0	100% 100% 100% 100%	Green Green Green Green	SLA target met SLA target met SLA target met SLA target met
Payment of retirement benefits from active employment	Notify employees retiring from active membership of benefits award, from date payable or date of receiving all necessary information if later within 5 working days. Please note that the wording of this KPI has been refined to detail exactly what is measured. The previous wording had 2 activities within one KPI which did not provide clarity on the service being delivered.	95%	September: 56 October: 61 November: 48 December: 36	56 61 48 36	0 0 0 0	100% 100% 100% 100%	Green Green Green Green	SLA target met SLA target met SLA target met SLA target met
Award dependant benefits – Statutory	Issue award within 5 working days of receiving all necessary information.	95%	September: 26 October: 27 November: 22 December: 23	26 27 22 23	0 0 0 0	100% 100% 100% 100%	Green Green Green Green	SLA target met SLA target met SLA target met SLA target met
Provide a maximum of one estimate of benefits to employees per year on request – Statutory	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	September: 107 October: 96 November: 96 December: 68	106 95 95 68	1 1 1 0	99% 99% 99% 100%	Green Green Green Green	SLA target met SLA target met SLA target met SLA target met
Provide transfer-in quote to scheme member – Statutory	Letter issued within 10 working days of receipt of all appropriate information.	95%	September: 22 October: 30 November: 20 December: 7	22 30 18 7	0 0 2 0	100% 100% 90% 100%	Green Green Amber* Green	SLA target met SLA target met SLA target not met SLA target met
Payment of transfer out – Statutory	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	September: 1 October: 5 November: 6 December: 7	1 5 6 7	0 0 0 0	100% 100% 100% 100%	Green Green Green Green	SLA target met SLA target met SLA target met SLA target met

*Below SLA target, but all within statutory target of 2 months of request. Target missed due to low volume of work and team oversight in this area.

Green: Equal to or above SLA target.

Amber: If there is a statutory target - below SLA target, but all within statutory target.
If there is no statutory target - below SLA target, but number completed within target is within 10% of the SLA target.

Red: If there is a statutory target - below SLA target and not within statutory target.
If there is no statutory target - below SLA target and number completed within target is not within 10% of the SLA target.

Receipt of Employee and Employer Contributions

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
December 2017	99.1	0.9	99.1	0.9
January 2018	98.6	1.4	98.6	1.4
February 2018	99.3	0.7	99.3	0.7
March 2018	99.3	0.7	98.6	1.4
April 2018	97.8	2.2	95.0	5.0
May 2018	96.7	3.3	96.9	3.1
June 2018	99.8	0.2	98.7	1.3
July 2018	99.6	0.4	98.7	1.3
August 2018	98.4	1.6	98.5	1.5
September 2018	99.5	0.5	97.2	2.8
October 2018	99.3	0.7	96.7	3.3
November 2018	100	0	99.6	0.4
Average for period	99.0	1.0	98.0	2.0

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

Date: 15 February 2019

Report by: Head of Pensions

Subject:	Pension Fund Annual Business Plan Update report 2018/19
Purpose of the Report	To present the Pension Fund Business Plan Update for the period to 31 January 2019 to the Pension Fund Board.
Recommendations	The Board is asked to note the Pension Fund Business Plan Update for the period to 31 January 2019 of the 2018/19 financial year.
Enquiries to:	Joanne Walton, Governance and Regulations Manager jwalton@northamptonshire.gov.uk

1. Background

- 1.1 Good governance requires that updates to the pre-agreed Annual Business Plan and Medium Term Strategy are provided to the Committee on a regular basis. This update highlights the progress made on the key activities up to 31 January 2019 of the 2018/19 Business Plan which was approved by the Pension Fund Committee on in March 2018.
- 1.2 A full list of the key fund activities for the 2018/19 financial year can be found in appendix 1 of this report.

2. Key Pension Fund Activities

2.1 Service Delivery

Reference	Key action/task	2018/19			
		Q1	Q2	Q3	Q4
SD1	Review staff retention	✓G			
SD2	Obtain full Customer Service Excellence standard accreditation		✓G		
SD3	Implement additional posts	✓A			

2.1.1 SD1 – Review staff retention

Action - Keep under review our ability to recruit and retain staff, ensuring any financial or reputational issues with a partner organisation do not impact the governance and administration of the Fund, taking remedial action where necessary.

Update – No retention issues have materialised. All areas of the Pensions Service are at full establishment (subject to SD3 comments below) with the exception of the Operations Team. Vacancies are being actively recruited to in this area which is adequately resourced to fulfil business as usual activities.

On target for completion? Whilst staff retention is not a current issue it will be kept under constant review.

2.1.2 SD2 – Evidence continued customer excellence

Action - Achieve interim Customer Service Excellence (CSE) Standard accreditation and develop and implement Action Plan from the feedback received. Undertake full CSE assessment and develop a further Action Plan.

Update - The Customer Service Excellence project team has drawn up an action plan in line with the feedback received from the interim assessment in August.

On target for completion? The relevant service areas are working towards implementing the recommendations by June 2019 and are on course to do so.

2.1.3 SD3 – Implement additional posts to structure

Action - Integrate four new posts into the LGSS Pensions structure to support combined LGPS administration to the Cambridgeshire and Northamptonshire Funds.

Update – The post of Data Quality Officer has now been appointed to from an existing member of the service on a partial acting up basis for an initial period of 6 months. A decision will be taken at the end of April 2019 as to whether a full appointment will be made. The two additional Pensions Officer posts created to deal with the data improvement work have been appointed. The post of Communications Officer has been graded and was advertised January 2019 with a view for the post to be filled by 31 March 2019.

On target for completion? All additional posts on course to be fully recruited to by 31 March 2019.

2.2 Governance and compliance

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
GC1	Legal services procurement					✓G	
GC2	Mortality screening / member tracing services procurement					✓G	
GC6	Data improvement plan					✓G	
GC8	Guaranteed Minimum Pension reconciliation / rectification					✓G	
GC9	Pensioner administration v pensioner payroll records rectification					✓G	✓

2.2.1 GC1 – Legal services procurement

Action - The Fund needs to procure its own supplier of Legal Services that has a specialism in pensions and investment law. As such the National Local Government Pension Scheme (LGPS) Framework for Legal Services will be used to conduct the procurement. This will save time and expense as the necessary Office Journal of the European Union (OJEU) procurement processes have been completed and only the best quality and value for money suppliers are awarded a place on the Framework. It is proposed that the procurement is undertaken jointly with Northamptonshire Pension Fund to benefit from economies of scale as has been achieved with other joint procurements.

Update – As agreed at the October 2018 Pension Fund Committee meeting, the procurement of Legal Services has been postponed until January 2019 to allow for the new framework to be launched on 14 January 2019.

On target for completion? Information on the framework has now been obtained and officers are in discussion with LGSS Procurement as to which approach is appropriate for procuring a supplier within the terms of the framework. The approach taken will also determine the time scale for award of contract. The Pensions Committee will be advised of the preferred approach at the March 2019 meeting and subsequently, the Local Pension Board, in its meeting in May 2019

2.2.2 GC2 - Mortality screening and member tracing service procurement

Action - The Fund needs to procure a mortality screening and member tracing service to ensure scheme member records are accurate and up to date to comply with prevailing legislation on data quality. Having the ability to access up to date information on members of the scheme who pass away and move address via these services will significantly improve the quality of the data held. As with the procurement of legal services, it is intended that the procurement of these services will be conducted on a joint basis with Northamptonshire Pension Fund via the National LGPS Frameworks.

Update – Both Funds have registered their interest in the new National LGPS Frameworks for member data services which launched during mid-October and have received the necessary documentation. Officers are in the process of reviewing the supplier catalogues in order to decide on whether to direct award or conduct a mini-competition to procure the services from the choice of four suppliers and this will also determine the timescale for appointment.

On target for completion? A decision was made by Officers to conduct soft-market testing with the four suppliers on the framework between 30 January and 7 February to inform the specification required as part of the mini-competition process. Approval for the expenditure for member tracing and screening services will be included in the Annual Business Plan and Medium Term Strategy for 2019/20 which is to be presented at the March 2019 meeting of the Pension Fund Committee. Assuming the expenditure is agreed the intention is to complete the mini-competition and award to the preferred supplier by 31 May 2019.

2.2.3 GC6 - Data improvement plan

Action - It is 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 data improvement plan.

Update – The Data Improvement Policy and the Data Improvement Plan were approved at the October meeting of the Pension Fund Committee. A report on the progress made against the Data Improvement Plan will be presented at each Local Pension Board meeting commencing February 2019.

On target for completion? Fully completed.

2.2.4 GC8 - Guaranteed Minimum Pension (GMP) reconciliation / rectification

Action - Following the introduction the end of contracting-out on 6 April 2016, it was necessary for all pension schemes to reconcile their scheme members' contracted out liability against that recorded by Her Majesties Revenue and Customs (HMRC). HMRC were currently operating, until 31 December 2018, a reconciliation service in order for schemes to query and amend the data held.

Update – The reconciliation stage of this project is running to schedule with all queries having been presented to HMRC prior to their deadline of 31 October 2018. Following the approval of the Data Improvement Policy and Plan in October 2018 a full progress update on the completion of the reconciliation stage of this project is now detailed in the Data Improvement Plan update report to be presented at this meeting. The rectification stage of this project will also be reported within the Data Improvement Plan update report once this has started.

On target for completion? ITM Limited have provided assurances that the all queries were presented to HMRC by the 31 December 2018 and it is estimated that HMRC will continue to process the queries until March 2019. Plans for the rectification stage of this project are underway. The Pension Fund Committee will be asked to approve the necessary expenditure for this stage of the project via the Annual Business Plan and Medium Term Strategy at the March 2019 meeting. Further information on this project can be found in the Data Improvement Plan Progress report.

2.2.5 GC9 - Pensioner administration v pensioner payroll records rectification

Action - In October 2016, the Fund migrated its pensioner payroll from the County Council's Oracle payroll solution to Altair payroll and in January 2017 the Altair pensioner administration records were merged with the Altair pensioner payroll records and following an analysis of the two sets of data a number of over and underpayments of pension were identified and require rectification.

Update –Following the approval of the Data Improvement Policy and Plan at the October meeting of the Pension Fund Committee a full progress update on the completion of the rectification stage of this project is now detailed in the Data Improvement Plan update report to be presented at this meeting.

On target for completion? On target to complete by 31 March 2019.

2.3 Communications, Systems and Employer Management

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
CSEM1	Employer covenant monitoring		✓G				
CSEM2	Investigate and prepare for move to electronic communications as standard		✓G				
CSEM3	Promotion of member self service		✓G				
CSEM5	Review resilience to cyber crime		✓G				
CSEM6	<i>In-house hosting by LGSS IT</i>						
CSEM7	Development of employer resources		✓G			✓	
CSEM10	Preparation for the 2019 valuation				✓G		

2.3.1 CSEM1 – Employer covenant monitoring

Action - At the 2016 whole Fund valuation, a risk based approach to setting the contribution strategy for employers was introduced. This approach used a high level covenant assessment of employers to group them into various categories to determine the contribution strategy that would apply to them. Employer covenant monitoring has so far been based on information readily available to the Fund, e.g. employer type, guarantor.

This approach now needs to be developed further for riskier employers and incorporate wider external factors into the covenant assessment including an employer's financial position, market position and other related factors. This kind of assessment requires specialised skills and knowledge. The Admission Bodies, Scheme Employers and Bulk Transfers Policy will be reviewed to incorporate covenant assessment.

Update - Hymans Robertson have been engaged to provide employer covenant monitoring services and a list of key requirements/objectives has been provided to them.

On target for completion? A proposed outline plan and costs are currently being developed with the aim of implementing this process as part of preparations for the valuation of the Fund, including a discussion with more riskier employers at the May 2019 Employers Forum.

2.3.2 CSEM2 - Scope move to electronic communications

Action - Since 2015/16 the Fund has been increasing the use of electronic communications with members, such as issuing annual benefit statements to active and deferred members electronically. In addition, the Fund has also begun offering members the option to receive other scheme communications electronically, delivered through member self-service. The

next stage is to move to a position of electronic communication by default, unless a member has opted out of electronic communications.

Technical and policy requirements/restrictions need to be investigated to allow decisions to be made as to which electronic communications are possible and/or desired. Following this scoping exercise our Communication Strategy will be reviewed with the view to including electronic communications.

Update - Work on the scoping exercise has been completed. It has been identified from both a policy and technology perspective that a move to electronic communications is possible. The self-service facility, email and the “Notify” service described in previous updates will be the preferred communication methods for active and deferred members. This is likely to include electronic provision of pensioner payslips via a dedicated data view on the member self-service facility.

On target for completion? Processes to enable electronic communications for active and deferred members to be put in place by the end of 2019/20 and to be rolled out to pensioners in 2019/20.

2.3.3 CSEM3 – Promotion of member self service

Action - Take up of member self-service has remained consistent over the last 3 years at approximately 20% of active and deferred members signing up and using this facility. New initiatives to increase use of member self service will be investigated and applied as appropriate.

Update - Following the promotional activities described in previous updates, take up of the member self-service facility has now grown to approximately 25% of active and deferred membership. The focus is now on rolling the facility out to pensioner members. Access is now being granted to retiring members with an active or deferred account to provide continuity of service.

On target for completion? The roll out of access to existing pensioners will commence as part of the next pensioner newsletter due to be sent in March 2019.

2.3.4 CSEM5 - Review resilience to cyber crime

Action - Cybercrime is becoming an increasing threat to pension funds so it is important to review resilience to such attacks via both internally and externally hosted platforms.

Update – A report is being prepared on the Fund’s cyber-resilience. This includes procedures and arrangements in place with partners such as Aquila Heywood, LGSS IT and Hymans Robertson, where there is technological dependencies or where the Fund’s data is held electronically.

A training session will also be provided to officers before the end of the financial year which will include a number of simple steps that can be taken to minimise the risk and impact of cybercrime.

On target for completion? A report detailing the Fund's cyber-resilience will be presented to the Pension Fund Committee at the March 2019 meeting and the Local Pension Board in May 2019.

2.3.5 CSEM6 - In-house hosting by LGSS IT

Action - In-house hosting of pensions server from Aquila Heywood to LGSS

Update – This is no longer being progressed as a business priority for LGSS IT and is therefore not expected to be progressed over the term of this Business Plan. The Fund remains extremely satisfied with its existing supplier of hosting services, Aquila Heywood.

On target for completion? Not applicable.

2.3.6 CSEM7 – Development of employer resources

Action - The Fund will continue to investigate and implement appropriate improvements to the resources available to employers for providing accurate and timely information, including expanding the monthly collection of data via i-Connect.

Update - 26% of the Northamptonshire Pension Fund employers are currently using i-Connect with two major payroll providers due to come on board shortly which will significantly boost the numbers. The Managing Director of i-Connect presented to scheme employers at the November 2018 Employer Forum and also at this event the importance of data was reinforced by a representative of the Pensions Regulator.

On target for completion? Roll out of i-Connect to all remaining scheme employers is on track to be completed by 31 December 2019

2.3.7 CSEM10 – Preparation for the 2019 valuation

Action - The Fund will work with the actuary to make preparations for the 2019 whole Fund valuation. This will include agreement of requirements and timescales for:

- engagement and training for officers and members of the Pension Committee and Local Pension Board
- communication and engagement with employers
- pre-valuation activities
- key activities and deliverables during the valuation
- actuarial assumptions
- disaggregation of employer pools

Update - Preparation for the 2019 valuation has begun including some initial training and some pre-valuation activities.

Training was provided to Officers of the Fund and members of the Pension Fund Committee and Local Pension Board in October 2018 to set out the valuation process and the outline of the key activities involved. A timeline has also been agreed with the Fund's Actuary and

high level discussions about priorities have already taken place. Data has been provided to the Actuary to allow an assessment of employer pools to inform discussion about the potential disaggregation of these pools.

A communication was sent informing employers of the active member data reconciliation exercise that was carried out in December and January. The communication included instructions for employers on how to reconcile and amend any incorrect data prior to the valuation. A training session focussing on the process and key errors employers need to focus on was provided as part of the recent Employer Forum. Data extracts were provided to all employers in December with a deadline of 31 January 2019 to complete the exercise.

On target for completion? All activities are on schedule for completion by 31 March 2019 which is the effective date for cut of data to be used in the valuation calculations.

2.4 Operations

Reference	Key action/task	2018/19			
		Q1	Q2	Q3	Q4
Ops1	Processing of undecided leavers	✓G			
Ops2	Establish ESCROW account for 'out of scheme' payments	✓A	→		

2.4.1 Ops1 – Processing of undecided leavers

Action - The Fund has a number of undecided leaver records where a member has left a period of pensionable employment, is not entitled to immediate payment of pension benefits, but is entitled to either a refund of contributions, aggregation with another period of pensionable membership and/or a deferred pension award. An in-depth analysis of the unprocessed or partially processed records and an action plan to be formed to deal with each category is required.

Update – Following the approval of the Data Improvement Policy and Plan at the October meeting of the Pension Fund Committee a full progress update on the completion of this project is now detailed in the Data Improvement Plan update report to be presented at this meeting.

On target for completion? Refer to separate Date Improvement Plan update

2.4.2 Ops2 - Establish ESCROW account for 'out of scheme' payments

Action - The Fund requires a non-interest bearing ESCROW account belonging to the administering authority to hold specific pension scheme benefits that if not paid to the appropriate recipients within a specific period of time, then become an unauthorised payment subject to tax charges on both the scheme member or beneficiary and the scheme.

Update - The ESCROW account has been set up and payments into and out of the new account have been tested.

On target for completion? The final stage to be undertaken is to ensure the payments can be reconciled suitably. Once this is in place training will be given to users of the ESCROW account.

2.5 Investments, accountancy and cash flow management

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
IA3	Responsible investment	✓G					
IA4	Asset pooling			✓G			
IA5	Strategic Asset Allocation review	✓G					

2.5.1 IA3 – Local direct investment

Action - Appoint a manager to create a bespoke local investment fund for the Cambridgeshire Fund, capable of investing in a range of asset classes and to investment parameters agreed by the Pension Fund Committee. Appoint a consultant under Lot 2 of the investment consultancy National Framework to assist with the development of a procurement specification and to support an OJEU compliant manager procurement process.

Update - Following the exploration of the providers on Lot 2 and in consultation with fellow funds in the LGPS community on their experiences with similar local investment initiatives it was determined that a more streamlined approach could be used to procure a fund manager to meet the Fund’s needs. Two fund managers have presented proposals to the Investment Sub Committee (ISC) for Local Economic Development Funds. One manager offered a suitable solution but the ISC have requested that for comparison purposes officers invite additional providers to a subsequent ISC meeting.

On target for completion? Officers are currently liaising with additional providers to identify suitable firms to present to the ISC in February 2019.

2.5.2 IA4 – Responsible investment

Action - Implement full actions arising from Responsible Investment Information Day; to include signing up to UK Stewardship Code, increasing the Fund oversight of ESG integration into investment manager decisions, and monitoring and reporting of investment manager voting.

Update – Officers and Mercer are jointly developing an action plan to enable the Fund to become a signatory of the UK Stewardship Code. This will include other related matters discussed at the Responsible Investment Information Day, which is due to be held on 13 February 2019.

On target for completion? Action plan to be presented at the March 2019 meeting of the Pension Fund Committee.

2.5.3 IA5 – Asset pooling

Action - Progression of ACCESS asset pooling project in accordance with the ACCESS project plan to deliver scale benefits, reduced costs and improved governance, meeting the Government asset pooling agenda.

Update – Progress on ACCESS pooling is being reported in a separate agenda item at this meeting.

On target for completion? Refer to ACCESS pooling report to be presented at this meeting.

2.5.4 IA6 – Strategic Asset Allocation review

Action - Undertake a full review of the strategic asset allocation of the Fund to ensure the Fund has an appropriate allocation between asset classes in light of its liabilities and funding level. Review to include the different role each asset class plays in the portfolio construction and an investigation into different solutions available for the Fund to invest in.

Update – The Investment Sub Committee has investigated a number of aspects of the strategic asset allocation at meetings in February, June, September and November 2018, including consideration of proposals for hedging or diversifying the portfolio. An additional workshop with the Fund’s Investment Consultant, Mercer was held on 28 November to ensure that the proposals are aligned with the key risks that concern the ISC.

On target for completion? – A mercer report was circulated to members in December and a meeting was held on 16 January 2019, this will feed into Mercers report to be delivered at the February 2019 Investment Sub Committee.

3. Relevant Fund objectives

3.1 Continually monitor and measure clearly articulated objectives through business planning.

4. Risk Management

4.1 The Pension Fund Committee approves the Annual Business Plan and Medium Term Strategy every March for the upcoming year. The plan highlights the key activities of the Fund and the progress of these activities are reported through the Business Plan Update reports provided to the Pension Fund Committee and Local Pension Board at every meeting.

4.2 The risks associated with failing to monitor progress against the Business Plan have been captured in the Fund’s risk register as detailed below.

Risk register	Risk mitigated	Residual risk
Governance (risk 1)	The scheme would not be administered in line with regulations and policies	Green
Governance (risk 2)	Those charged with the governance of the Fund and scheme are unable to fulfil their responsibilities effectively	Amber

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

5. Communication Implications

Direct Communications	The Business Plan Update will be presented to the Pension Fund Board at its business meetings.
------------------------------	--

6. Legal Implications

6.1 Not applicable

7. Consultation with Key Advisers

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

8. Alternative Options Considered

8.1 Not applicable

9. Background Papers

9.1 Annual Business Plan and Medium Term Strategy 2018/19 – http://pensions.northamptonshire.gov.uk/app/uploads/2018/10/Annual-Business-Plan-and-Medium-Term-Strategy-2018_19-CPF.pdf

10. Appendices

10.1 Appendix 1 – Full list of Key Fund Activities for the 2018/19 financial year.

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 30/1/19

Appendix 1 – Full list of Key Fund Activities for the 2018/19 financial year.

Service Delivery

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
SD1	Review staff retention			✓			
SD2	Obtain full Customer Service Excellence standard accreditation			✓		✓	
SD3	Implement additional posts			✓			

Governance and Compliance

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
GC1	Legal services procurement			✓			
GC2	Mortality screening / member tracing services procurement			✓			
GC3	Soft market testing for administration and payroll system procurement						✓
GC4	Review Additional Voluntary Contribution fund range				✓		
GC5	The General Data Protection Regulation compliance	✓					
GC6	Data improvement plan				✓		
GC7	Liability reduction exercises					✓	
GC8	Guaranteed Minimum Pension reconciliation / rectification			✓			
GC9	Pensioner administration v pensioner payroll records rectification			✓		✓	

Communications, Systems and Employer Management

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
CSEM1	Employer covenant monitoring			✓			
CSEM2	Investigate and prepare for move to electronic communications as standard			✓			
CSEM3	Promotion of member self service			✓			
CSEM4	Monitoring/understanding the member experience		✓				
CSEM5	Review resilience to cyber crime	✓		✓			
CSEM6	<i>In-house hosting by LGSS IT</i>			✓			
CSEM7	Development of employer resources			✓		✓	

CSEM8	Investigation of HEAT		✓				
CSEM9	Implementation of ill health self-insurance/pooling	✓					
CSEM10	Preparation for the 2019 valuation				✓		

Operations

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
Ops1	Processing of undecided leavers			✓			
Ops2	Establish ESCROW account for 'out of scheme' payments	✓					

Investments, accountancy and cash flow management

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
IA1	Investment consultancy services re-tender					✓	✓
IA2	Global custody services re-tender					✓	
IA3	Local direct investment			✓			
IA4	Responsible investment			✓			
IA5	Asset pooling					✓	
IA6	Strategic Asset Allocation review			✓			

Pension Fund Board

Date: 15 February 2019

Report by: Head of Pensions

Subject:	Governance and Compliance Report
Purpose of the Report	To provide the Pension Fund Board with: 1) Information on potential, new or amending legislation affecting the Local Government Pension Scheme (LGPS); 2) Information on other pensions legislation; 3) Activities of the LGPS Scheme Advisory Board and the Pensions Regulator; 4) Information on issues concerning the governance of the Local Government Pension Scheme (LGPS) on a national and local basis; and 5) Skills and knowledge opportunities.
Recommendations	That the Pension Fund Board notes the content of the report.
Enquiries to:	Jo Walton – Governance and Regulations Manager, LGSS Pensions E-mail: jwalton@northamptonshire.gov.uk

1. Background

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

2. Amending legislation

- 2.1 The LGPS (Miscellaneous Amendment) Regulations 2018 were laid before parliament on 18 December 2018 and came into force on 10 January 2019 with the exception of:
- Regulation 4 – a technical amendment to deliver the policy intent for deferred members of the 1995 scheme to be able to access their benefits without their employer's consent from age 55 has been back dated to 17 April 2018.
 - Regulation 5 – provides for the back dating of a survivor's pension to 5 December 2005 in respect of a surviving civil partner of a scheme member and to 13 March 2014 in respect of a surviving spouse of a same sex marriage with a member.

2.2 Scheme members will be informed of these changes in line with disclosure requirements.

3. Scheme Advisory Board (SAB)

3.1 Cost Management Process

3.1.1 Cost management for the LGPS in England and Wales is taking place in the context of a public service pension scheme wide cost cap review under Her Majesty's (HM) Treasury directions. In other schemes indicative outcomes have seen breaches of the cost cap floor requiring benefit improvements in excess of 3% of payroll. The Northern Ireland LGPS is the closest comparable scheme undergoing the cost cap process this year and is currently consulting on a benefit improvement package costing 3.2% of payroll.

3.1.2 The LGPS in England and Wales has a separate cost management process which is completed prior to the finalisation of the HM Treasury cost cap calculations.

3.1.3 At the Scheme Advisory Board meeting on 10 October 2018 it was noted that subject to the agreement by Government to return the scheme design to that agreed in 2013 by employers and scheme members in relation of the annual revaluation of CARE benefits, the outcome of the Board's cost management process was a total scheme future service cost of 19%. As the target for the process is 19.5% the Board agreed to consider recommendations to return the total cost back to the target.

3.1.4 It was also agreed that a sub-group be established to consider a package of benefit improvements to sufficient to return the cost back to 19.5% and such further changes to employee contributions within that total cost necessary to obtain support of both employer and employee representatives of the Board.

3.1.5 The Board agreed the following proposals for changes to benefits:

- Removal of the third tier of ill health costed on the assumption that tier 2 would be awarded in these cases
- Death in service minimum payment of £75,000
- Enhanced early retirement factors equal to all members who are active in the scheme at 1 April 2019 in all sections of the scheme and targeted enhancements to final salary section benefits
- Revision of revaluation of CARE pension accrued to the start of the scheme year as opposed to the end.

3.1.6 The Board's proposals on employee contributions were as follows:

- A new 2.75% band at pay of £0 to £12,850
- The second band of 4.4% at pay between £12,851 to £22,500
- Expansion of the top band from £45,200 to £53,500
- A move away on contribution rates being set in regulation to being guidance.

3.1.7 The following proposals were submitted to the Secretary of State on 16 November and discussions have since taken place with the Minister and a consultation on these changes is expected imminently for regulations to take effect from 1 April 2019.

- 3.1.8 On 30 January 2019, a Ministerial Statement was released which announces a pause in this cost cap process for public service pension schemes pending the outcome of the application to appeal the McCloud case to the Supreme Court. The judgement can be found here <https://www.judiciary.uk/wp-content/uploads/2018/12/lord-chancellor-v-mcloud-and-ors-judgment.pdf>
- 3.1.9 It is understood that the LGPS could, if McCloud is upheld, be required to make changes to the underpin and that such changes would need to be taken into account in a revised Scheme Advisory Board cost cap result.
- 3.1.10 The statement gives no timescales for the outcome of this case but it could be late 2019 or early 2020 before the outcome is known.
- 3.1.11 The Scheme Advisory Board will now consider whether it should withdraw the benefit change recommendations made to MHCLG as a result of its own cost cap process. In taking a view, the Scheme Advisory Board will be aware that delaying benefit changes to possibly 2020 while backdating them to April 2019 would constitute a significant administrative burden on administering authorities and employers. Although the Scheme Advisory Board will immediately start considering next steps it should be stated that even if the Scheme Advisory Board (SAB) wishes to press on any changes to benefits can only be made with the agreement of Government.
- 3.1.12 The administering authority may wish to continue to prepare for the Scheme Advisory Board recommended cost cap benefit changes (as set out in our email of the 21 December) but not anticipate their implementation unless and until such time as MHCLG formally consult on them.

3.1.13 The Local Pension Board will be kept up to date with developments in this area.

3.2 Analysis of the LGPS Academy Sector

3.2.1 GAD (Government Actuary's Department) has now published the work commissioned by MHCLG (Minister of Housing Communities and Local Government) and DfE (Department for Education) to review the treatment of academies within the Local Government Pension Scheme. In particular, GAD was asked to gather evidence on the variation in treatment of academies within and across different LGPS Funds.

3.2.2 A summary of the findings are as follows:

- On average academies currently pay 2% of payroll less in contributions than local authorities despite being 11% worse funded on average (73% versus 84%, respectively). This reflects how academy contribution rates were set initially and the relative maturity of their liability profiles.
- There is a high degree of variability in individual contribution rates (some academies contribution rates exceed 30% of pay, whilst others pay less than 10%) and funding levels for academies both within and across Funds (some are below 25% whilst others are above 100%). A wide range is also observed for local authorities.
- The data indicates that, on the whole, academies are treated consistently with local authorities with regard to the 2016 valuation funding assumptions, suggesting that the DfE guarantee is currently being recognised by Funds.

- Given the existing approach for setting academy contribution rates, GAD would expect (material) nationwide variation between individual academy contribution rates and local authority rates to persist in the future. Further, the extent of the variation observed at the 2016 valuation could potentially increase further, particularly if there is a large increase in the number of new academies.

3.2.3 A copy of the full report can be found at the following link. -

<https://www.gov.uk/government/publications/academies-lgps-pension-arrangements>.

3.3 Third tier employers

3.3.1 At the SAB meeting on 27 June 2018, Aon presented members with a summary of the final draft report commissioned by Scheme Advisory Board, to review the current issues in relation to third tier employers participating in LGPS funds in England and Wales. Third tier employers are classified as charities, housing associations and higher and further education establishments. On 24 September, the 102 page report was published and can be found at the following link: <http://www.lgpsboard.org>.

3.3.2 The report does not make any recommendations, instead, it outlines a range of issues raised by stakeholders and how they envisage these concerns being resolved. The working group will report to Scheme Advisory Board later this year with a set of recommendations for further consideration.

3.3.3 Once approved, stakeholders will be given the opportunity to comment on Scheme Advisory Board's recommendations before any formal approach is made to MHCLG for changes to the scheme regulations and guidance.

3.4 Data quality – letter from the Scheme Advisory Board to the Pensions Regulator

3.4.1 The Chairman of the Local Government Pension Scheme Advisory Board in England and Wales wrote to the Pensions Regulator to highlight the importance of working alongside stakeholders to improve the quality of scheme data and record keeping. The Board's intention is to work in partnership with the Pensions Regulator to deliver improvements in scheme governance and administration.

3.4.2 A full copy of the letter can be found -

http://lgpsboard.org/images/Other/Letter_sent_to_tPR_26112018.pdf

3.5 Separation of pension funds from the host authority

3.5.1 An item on the Scheme Advisory Board's work plan for 2018/19 concerns the possible separation of pension funds from their host authorities (i.e. the County Council) with a view to potentially making recommendations to the Secretary of State.

3.5.2 In 2015, the Scheme Advisory Board commissioned KPMG to examine the issues and challenges of separating the pension functions of LGPS administering authorities from their host authorities. KPMG's findings can be found at the following link:

http://lgpsboard.org/images/PDF/KPMG_LGPS_SAB_Final_Report.pdf

3.5.3 Other priorities at the time halted further work on separation but now the Scheme Advisory Board has agreed to put it back on this current year's work plan a further project to is now being undertaken to see how KPMG's recommendations could be made to work.

- 3.5.4 In August 2018 the Scheme Advisory Board invited bidders to tender for the next stage of the project by 21 September. It is understood that the Scheme Advisory Board have formed a sub-group to evaluate the tenders but no further information has become publically available.
- 3.5.5 Should any further information become available prior to this meeting of the Local Pension Board a verbal update will be provided.

4. The Pensions Regulator (TPR)

4.1 New approach to workplace pensions regulation

- 4.1.1 On 17 September 2018, the Pensions Regulator launched a new approach to workplace pensions regulation. This new operating model directly affects the way the Pensions Regulator and will be established over the next 12-18 months.
- 4.1.1 The four key areas from the new operating model, which will help them take forward the work they want to achieve and do it in the most effective way are:
- To work with those they regulate to ensure that the standards they expect are clear and adopted. They will ensure that pension schemes and employers comply with clear, measurable standards.
 - To prevent risks to members from increasing over time through prioritisation, monitoring, supervision and early proactive intervention.
 - To use a wide range of regulatory interventions through a process of systematic and escalating interaction with those they regulate. They will test, measure and adapt the way they work to continue to drive behavioural change.
 - To work with their regulatory partners, stakeholders, advisors and intermediaries to deliver a comprehensive and consistent regulatory framework.
- 4.1.2 The Pension Regulator's making workplace pensions work publication, details their new way of operating and outlines the further changes in the future and can be found at the following link;
<https://www.thepensionsregulator.gov.uk/docs/tpr-future-making-workplace-pensions-work>.

4.2 Public Service Pension Schemes Annual Governance and Administration Survey

- 4.2.1 The annual governance and administration survey was issued to scheme managers of all public service pension schemes in the week commencing 5 November. The survey was web based, voluntary and could be submitted anonymously by the deadline of 30 November.
- 4.2.2 The response in respect of the Cambridgeshire Pension Fund was submitted prior to the deadline and was not submitted anonymously. The survey results are expected to be published in early 2019 and a full report will be submitted to the Pension Fund Committee and Pension Fund Board detailing the findings.

4.3 Mandatory Annual Scheme Return

- 4.3.1 On an annual basis the Pensions Regulator issues an annual return which if not completed and returned is regarded as a breach of the law under the Pensions Act 2004. The Pensions Regulator issued this year's survey on 25 September 2018 which was duly completed and returned prior to the deadline of 6 November 2018.

4.3.2 This year's annual return required a score as to the quality of the scheme's data in the form of common and scheme specific data defined as follows:

Common data – includes name, address, national insurance number and date of birth.
Scheme-specific data – pensionable pay, guaranteed minimum pensions and service history.

4.3.3 The Cambridgeshire Pension Fund's common data score was 82.21% and the scheme specific data score was 73.13%.

4.3.4 Further information on these data scores can be found in the Data Improvement Plan Update report to be presented at this meeting. It should however be noted that other LGPS Funds and other types of pension schemes will calculate their scores differently and in the first year of data scoring it would not be unreasonable to see a wide variety of scores and until such times as very specific and detailed guidance is published and mandated.

4.3.5 It is not known at this time how the Pensions Regulator will use the data scores however, the Committee and Board will be notified if any information is released.

4.4 New Pensions Regulator Chief Executive

4.4.1 On 18 December, the Pensions Regulator announced they have appointed Charles Counsell as their new Chief Executive. Charles Counsell is currently Chief Executive of the Money Advice Service and will join the Pensions Regulator at the start of April following the departure of Lesley Titcomb at the conclusion of her term as Chief Executive as the end of February.

4.5 New Pensions Regulator Website

4.5.1 On 12 November, the Pensions Regulator launched a new website to give more than three million yearly visitors a clearer and simpler experience. The new site is a key part of the Pensions Regulator's redesigned branding which highlights how the organisation is changing its approach to become clearer, quicker and tougher.

4.5.2 The website can be found at the following link: - <https://www.thepensionsregulator.gov.uk/en>

5. 2017/18 SF3 return data

5.1 The 2017/18 SF3 return data was published by MHCLG on 17 October 2018. The SF3 form collects information on Local Government Pension Scheme funds' on income (pension contributions and transfers), expenditure (pensions in payment, retirement lump sums, refunds and transfers out), membership, retirements and other activities. It also shows other associated information for the financial year 2017/18 and changes over previous years.

5.2 A summary of the findings in respect of the total of all English and Welsh LGPS schemes compared with Cambridgeshire can be found below:

- Total expenditure in 2017/18 was £12.7bn. Removing the effect of mergers and large transfers in 2016/17 and 2017/18 there was a like-for-like increase of £0.8bn on 2016/17. Total expenditure for Cambridgeshire was £108.8m in 2016/17 and £109.4m in 2017/18 representing an increase of £0.6m.

- Total income was £17.4bn. Removing the effect of mergers and large transfers in 2016/17 and 2017/18, there was a like-for-like increase of £3bn or 21.4% on 2016/17. This is mainly due to the increase in employer contributions in 2017/18. Total income for Cambridgeshire was £128.7m in 2016/17 increasing to £133.3m in 2017/18.
- Employer contributions amounted to £9.5bn in 2017/18, up by 27.7% on 2016/17 and employees contributions to the scheme were £2.1bn. Employers' contributions increased due to some large upfront pension contribution payments being made by some employers and higher contribution rates following the triennial valuation. Employer contributions for Cambridgeshire were £103m in 2017/18, increasing from £99.5m in 2016/17.
- The market value of all LGPS funds in England and Wales at the end of March 2018 was £270.9bn, an increase of £12.1bn of 4.7%. The value of the Cambridgeshire Fund was £2.969bn at the end of March 2018 compared with £2.853bn at the end of March 2017.
- The LGPS had a total of 5.8m members at 31 March 2018 and increased of 0.2m from 31 March 2017. This compares with Cambridgeshire Pension Fund's total membership of 80,816 at the end of March 2018 and 77,323 at the end of March 2017.

5.3 The full report can be found - <https://www.gov.uk/government/statistics/local-government-pension-scheme-funds-for-england-and-wales-2017-to-2018>

6. Harvey v Haringey and MHCLG judgement

- 6.1 On 30 October 2018, in the High Court Mr Justice Julian Knowles handed down his judgement on the above case that relates to the non-payment of a cohabiting partner's pension where the member left the LGPS before 1 April 2008.
- 6.2 Ms Harvey maintained that the Council's refusal to pay her a pension discriminatory and in violation of the European Convention on Human Rights. Mr Justice Julian Knowles found in favour of Haringey Council and MHCLG and dismissed the application for judicial review.
- 6.3 In his judgement Mr Justice Julian Knowles states the central and core justification running throughout this case is that spouses in the 1997 Scheme and cohabitants of 2008 Scheme members are entitled to a pension because it was costed into the relevant Schemes and paid for. Where a member left before April 2008 the member did not pay for a cohabitee to receive a benefit, nor was it otherwise costed into the 1997 Scheme.

7. Consultations

7.1 Draft MHCLG guidance on LGPS asset pooling

7.1.1 On 3 January 2019 the MHCLG published its draft statutory guidance on asset pooling. The consultation is open for 12 weeks (closing on 28 March). It is deemed an informal consultation which is addressed to interested parties only and can be found in appendix 1.

7.1.2 Features of the consultation document include:

- Guidance will have statutory force
- The definition of "pooled assets" excludes passive investment in life policies held directly by administering authorities
- Pool members *must* appoint a pool company regulated by the Financial Conduct Authority
- Pool members *should* consider moving from active to passive investment where active management has not generated better net of fees performance over a reasonable period
- Pool members *should* take account of benefits across the pool and the scheme as a whole and should not seek simply to minimise costs in the short term

- Inter-authority payments *may* be used to share transition costs equitably between pool members
- There are tighter definitions of the conditions to justify keeping assets outside of the pool (existing “retained” assets and new investments)
- From 2020 it is expected that pool members “*should* make new investments outside the pool only in very limited circumstances”
- Pool members may invest in vehicles provided by other pools where collaboration between pools or specialisation can deliver improved net returns
- There is no specific target for infrastructure
- All residential property is included in the definition of infrastructure
- Extensive reporting requirements on costs and performance relative to relevant indices kick in with effect from the 2018-19 report.

7.1.3 Officers will draft a response to the consultation in conjunction with the Chairmen of both the Local Pension Board and Pension Fund Committee. The final response will be included within the next Governance and Compliance report.

7.2 Fair Deal – strengthening pension protection

7.2.1 On 10 January 2019, the Government published a further consultation on the assimilation of its new Fair Deal policy into the LGPS. The consultation will run to 4 April 2019 and can be found at the following link:

<https://www.gov.uk/government/consultations/local-government-pension-scheme-fair-deal-strengthening-pension-protection>

7.2.2 Features of the consultation document include:

- Defining those scheme employers that would be directly impacted by the proposed changes
- Confirming the removal of the ability for contractors to offer the alternative of a broadly comparable scheme as a means of securing pension protection
- Confirming the transitional arrangements protecting those individuals whose pension protection was previously gained via early provisions;
- The proposed introduction of “deemed employer” status as an alternative option to “admitted body” status; and
- Introducing guidance to assist employers in understanding their responsibilities.

7.2.3 In addition to changes linked to new Fair Deal into the LGPS, the Government has also taken the opportunity as part of this consultation to consider changes aimed at smoothing arrangements where scheme employers are involved in mergers or takeovers (e.g. academies).

7.2.4 Officers will draft a response to the consultation in conjunction with the Chairmen of both the Local Pension Board and Pension Fund Committee following receipt of the views of the Fund’s key advisors. The final response will be included within the next Governance and Compliance report.

8. Skills and knowledge opportunities – training events

8.1 Section 248A of The Pensions Act 2004 as incorporated within The Pensions Regulator’s Code of Practice (Governance and administration of public service pension schemes) requires all members of the Pensions Committee to maintain the necessary skills and knowledge to undertake their role effectively.

- 8.2 In order to facilitate the acquisition of skills and knowledge for members of the Pension Committee, appendix 1 lists the main events that are deemed useful and appropriate.
- 8.3 Requests to attend events will be facilitated by the Governance Team. It may be necessary to restrict numbers of attendees on some courses through reasons of cost.

9. 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>

10. Risk Management

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

Risk register	Risk mitigated	Residual risk
Governance (risk 1)	Failure to administer the scheme in line with regulations and policies.	Green
Governance (risk 2)	Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively.	Amber
Governance (risk 4)	Policies and Strategies not being in place and up to date.	Green
Governance (risk 12)	Changes to the LGPS and lack of expertise in the new/revised area.	Green
Governance (risk 18)	Failure to provide adequate information to the Pension Committee/Pension Board.	Green

- 10.3 The full risk register can be found on the LGSS Pensions website at the following link:

11. Finance & Resources Implications

11.1 Not applicable.

12. Communication Implications

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

13. Legal Implications

13.1 There are no legal implications connected to the contents of this report.

14. Consultation with Key Advisers

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

15. Alternative Options Considered

15.1 There are no alternative options to be considered.

16. Background Papers

16.1 None.

17. Appendices

17.1 Appendix 1 Consultation on statutory guidance on asset pooling in the LGPS. (Provided separately)

17.2 Appendix 2 List of training events/conferences.

17.3 Appendix 3 Policy Monitoring

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 31/1/2019

Appendix 2 – Internal/External training and events 2019-2020

Date	Event	Training Credits	Target Audience	Host/Website
17-18 January 2019	LGPS Governance Conference	4	Officers, Committee/Board members	Local Government Association https://www.local.gov.uk
13 February 2019	LGSS Pensions Information Day	2	Officers, Committee/ Board Members	In house – responsible investments ACCESS – appointment of operator
27 February 2019 (morning)	CIPFA Spring Seminar	2	Officers only	https://www.cipfa.org/training/l/lgps-spring-officers-spring-seminar-20190227-london Latest updates on the LGPS and regulations.
27 February 2019 (afternoon)	CIPFA Spring Seminar	2	Local Pension Board members only	https://www.cipfa.org/training/l/lgps-members-spring-seminar-20190227-london Latest updates on the LGPS and regulations.
28 February – 01 March 2019	LGC Investment Seminar	4	Officers, Committee/ Board Members	https://investmentseminar.lgcplus.com Keeping the LGPS affordable and accessible through austerity and uncertain times.
13 - 15 May 2019	PLSA Local Authority Conference	4	Officers, Committee/ Board Members	https://www.plsa.co.uk/Events-Local-Authority-Conference
26 June 2019	Local Pension Boards' Annual Event	2	Local Pension Board members only	
3 - 4 July 2019	Heywood Class Group AGM	4	Officers	
10 – 12 July 2019	LGC Pension Fund Symposium	4	Officers	https://pensionfund.lgcplus.com
14 July 2019	LGSS Pensions Information Day	2	Officers, Committee/ Board Members	
5-6 September 2019	LGC Investment Summit	4	Officers, Committee/ Board Members	https://investmentsummit.lgcplus.com

TBC – Last week Sept 2019	Introduction to the LGPS	2	Officers, Committee/ Board Members	http://www.cipfa.org/training/i/introduction-to-the-lgps-201809266 Aimed at new or inexperienced officers and elected members this course, based on the CIPFA knowledge and skills framework.
TBC	Schroders Trustee Training (Part 1)	2	Officers, Committee/ Board Members	https://www.schrodersevents.co.uk/schroders/frontend/reg/thome.csp?pageID=474304&eventID=1363&traceRedir=2&eventID=1363 The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them
9 October 2019	LGSS Pensions Information Day	2	Officers, Committee/ Board Members	
16 - 18 October 2019	PLSA Annual Conference	4	Officers, Committee/ Board Members	https://www.plsa.co.uk/Annual-conference-and-exhibition
TBC	Schroders Trustee Training (Part 2)	2	Officers, Committee/ Board Members	https://www.schrodersevents.co.uk/schroders/frontend/reg/thome.csp?pageID=474304&eventID=1363&traceRedir=2&eventID=1363 The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them.
TBC	Pension Managers' Conference	4	Officers	https://www.savvyinvestor.net/conferences/1333719
TBC	LAPFF Annual Conference	4	Officers, Committee/ Board Members	http://www.lapfforum.org/events/lapff-conference
26 February 2020	LGSS Pension Information Day	2	Officers, Committee/ Board Members	

Appendix 3 – Policy Monitoring

2018/19 reviews

Policy/Strategy	Status	Comments	Board Involvement
Annual Business Plan and Medium Term Strategy	Completed	Presented at the March Pension Fund Committee Meeting and approved.	Post scrutiny – April 2018.
Investment Strategy Statement – Statutory	Completed	Presented at the March Pensions Committee Meeting and approved.	Post scrutiny – July 2018.
Conflicts of Interest Policy	Completed	Presented at the April Pension Fund Board Meeting and approved.	Board Policy – approved.
Overpayments of Pension Policy	Completed	Presented at the May Pension Fund Committee Meeting and approved.	Post scrutiny – July 2018.
Annual Report and Statement of Accounts	Completed	Presented at the July AGM	Post scrutiny – October 2018.
Reporting Breaches of the Law to the Pensions Regulator Policy	Completed	Presented at the October 2018 Pension Fund Committee meeting and approved	Pre scrutiny – July 2018.
Training Strategy	Completed	Presented at the December 2018 Pension Fund Committee meeting and approved.	Pre scrutiny - October 2018.
Data Improvement Plan	Completed	Presented at the December 2018 Pension Fund Committee meeting and approved.	Pre scrutiny - October 2018.
Statement of policy about the discretionary functions – Statutory	Completed	Approved at the December Pension Fund Committee meeting.	Via published papers and minutes.
Risk Strategy	In progress	To be presented at this meeting.	Pre scrutiny - February 2019.

Upcoming 2019/20 reviews

Policy/Strategy	Status	Comments	Board Involvement
Annual Business Plan and Medium Term Strategy	In progress	To be presented at the March Pension Fund Committee Meeting for approval.	Post scrutiny scheduled for May 2019.
Cash Management Strategy	In progress	To be presented at the June 2019 Pension Fund Committee meeting for approval.	Via published papers and minutes.
Admitted Bodies, Scheme Employers and Bulk Transfer Payments	In progress	To be presented at the June 2019 Pension Fund Committee meeting for approval.	Post scrutiny scheduled for July 2019.
Funding Strategy Statement – Statutory	In progress	To be presented at the October 2019 Pension Fund Committee meeting for approval.	Pre scrutiny scheduled for October 2019 – feedback will be a verbal update to the Committee due to time constraints.
Dormancy Policy	Not started	To be presented at the October 2019 Pension Fund Committee meeting for approval.	Pre scrutiny scheduled for July 2019.
Actuarial Valuation Report – Statutory	Not started	To be presented at the December 2019 Pension Fund Committee meeting for approval.	Pre scrutiny scheduled for October 19.
Anti-Fraud and Corruption Policy	Not started	To be presented at the December 2019 Pension Fund Committee meeting for approval.	Pre scrutiny scheduled for October 19.
Administration Strategy – Statutory	Not started	To be presented at the March 2020 Pension Fund Committee meeting for approval.	Pre scrutiny scheduled for January 2020
Communication Strategy – Statutory	Not started	To be presented at the March 2020 Pension Fund Committee meeting for approval.	Pre scrutiny scheduled for January 2020.
Governance Policy and Compliance Statement – Statutory	Not started	To be presented at the June 2020 Committee for approval.	Pre scrutiny scheduled for April 2020.
Payment of Employee and Employer Contribution Policy	Not started	To be presented at the June 2020 Committee for approval.	Pre scrutiny scheduled for 2020.

Local Government Pension Scheme

Statutory guidance on asset pooling

Contents

Foreword

- 1 Introduction**
- 2 Definitions**
- 3 Structure and scale**
- 4 Governance**
- 5 Transition of assets to the pool**
- 6 Making new investments outside the pool**
- 7 Infrastructure investment**
- 8 Reporting**

Foreword

The reform of investment management in the Local Government Pension Scheme (LGPS) for England and Wales began in 2015 with the publication of criteria and guidance on pooling of LGPS assets, following extensive consultation with the sector. LGPS administering authorities responded by coming together in groups of their own choosing to form eight asset pools.

Through the hard work and commitment of people across the scheme, those eight pools are now operational. Their scale makes them significant players at European or global level, and significant annual savings have already been delivered, with the pools forecasting savings of up to £2bn by 2033. Along the way many lessons have been learnt and great progress has been made in developing expertise and capacity, including in private markets and infrastructure investment.

This is a considerable achievement in itself, but there is still a long way to go to complete the transition of assets and to deliver the full benefits of scale. In the light of experience to date with pooling and the challenges ahead, authorities have requested guidance on a range of issues. The time is now right for new guidance to support further progress.

1 Introduction

1.1 This guidance sets out the requirements on administering authorities in relation to the pooling of LGPS assets, building on previous Ministerial communications and guidance on investment strategies, and taking account of the current state of progress on pooling. It is made under the powers conferred on the Secretary of State by Regulation 7(1) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the 2016 Regulations). Administering authorities are required to act in accordance with it.

1.2 This guidance replaces the section at pages 7 to 8 of Part 2 of *Guidance for Preparing and Maintaining an Investment Strategy*, issued in September 2016 and revised in July 2017, which deals with regulation 7(2)(d) of the 2016 Regulations. It also replaces *Local Government Pension Scheme: Investment Reform Criteria and Guidance*, issued in November 2015.

2 Definitions

2.1 This guidance introduces a set of definitions for use in this and future guidance, as follows:

'Pool' the entity comprising all elements of a Local Government Pension Scheme (LGPS) asset pool

'Pool member' an LGPS administering authority which has committed to invest in an LGPS pool and participates in its governance

'Pool governance body' the body used by pool members to oversee the operation of the pool and ensure that the democratic link to pool members is maintained (for example, Joint Committees and officer committees)

'Pool company' the Financial Conduct Authority (FCA) regulated company which undertakes selection, appointment, dismissal and variation of terms of investment managers, and provides and operates pool vehicles for pool members

'Pool fund' a regulated unitised fund structure operated by a regulated pool company, such as an Authorised Contractual Scheme (ACS)

'Pool vehicle' an investment vehicle (including pool funds) made available to pool members by a regulated pool company

'Pooled asset' an investment for which the selection, appointment, dismissal and variation of terms for the investment manager is delegated to a regulated pool company, or an investment held in a pool vehicle

'Retained asset' an existing investment retained by a pool member during the transition period

'Local asset' a new investment by a pool member which is not a pooled asset

3 Structure and scale

3.1 All administering authorities must pool their assets in order to deliver the benefits of scale and collaboration. These include:

- reduced investment costs without affecting gross risk-adjusted returns
- reduced costs for services such as custody, and for procurement
- strengthened governance and stewardship and dissemination of good practice
- greater investment management capacity and capability in the pool companies, including in private markets
- increased transparency on total investment management costs
- diversification of risk through providing access to a wider range of asset classes, including infrastructure investments

3.2 In order to maximise the benefits of scale, pool members must appoint a pool company or companies to implement their investment strategies. This includes:

- the selection, appointment, dismissal and variation of terms of investment managers, whether internal or external

- the management of internally managed investments
- the provision and management of pool vehicles including pool funds

It is for the pool companies to decide which investment managers to use for pool vehicles, including whether to use in-house or external management. Pool members may continue to decide if they wish to invest via in-house or externally managed vehicles.

3.3 Pool companies may be wholly owned by pool members as shareholders or may be procured and appointed by the pool members as clients.

3.4 A pool company must be a company regulated by the Financial Conduct Authority (FCA) with appropriate FCA permissions for regulated activities. This helps ensure the pools comply with financial services legislation, and provides additional assurance to scheme members and employers. Depending on the structure of the pool, appropriate permissions may include permissions for execution, acting as agent, provision of advice, or such other permissions as required by the FCA. Where regulated funds (e.g. in an ACS) are operated by the pool company it should comply with relevant UK legislation.

Regular review of services and procurement

3.5 Pool governance bodies, working with the pool company, should regularly review the provision of services to the pool, and the process of procurement, to ensure value for money and cost transparency. Where services are procured or shared by pool members, pool members should regularly review the rationale and cost-effectiveness of such arrangements, compared to procurement and management through the pool company. Pool members and pool companies should consider using the national LGPS procurement frameworks (www.nationallgpsframeworks.org) where appropriate.

Regular review of active and passive management

3.6 Pool members, working with the pool company, should regularly review the balance between active and passive management in the light of performance net of total costs. They should consider moving from active to passive management where active management has not generated better net performance over a reasonable period. Pool members should also seek to ensure performance by asset class net of total costs is at least comparable with market performance for similar risk profiles.

4 Governance

4.1 Pool members must establish and maintain a pool governance body in order to set the direction of the pool and to hold the pool company to account. Pool governance bodies should be appropriately democratic and sufficiently resourced to provide for effective decision making and oversight.

4.2 Pool members, through their internal governance structures, are responsible for effective governance and for holding pool companies and other service providers to account. Strategic asset allocation remains the responsibility of pool members, recognising their authority's specific liability and cash-flow forecasts.

4.3 Members of Pension Committees are elected representatives with duties both to LGPS employers and members, and to local taxpayers. Those who serve on Pension Committees and equivalent governance bodies in LGPS administering authorities are, in many ways, required to act in the same way as trustees in terms of their duty of care to scheme employers and members, but are subject to a different legal framework, which derives from public law. In particular while they have legal responsibilities for the prudent and effective stewardship of LGPS funds, LGPS benefits are not dependent on their stewardship but are established and paid under statute in force at the time.

4.4 Those who serve on Pension Committees and equivalent governance bodies in pool members should therefore take a long term view of pooling implementation and costs. They should take account of the benefits across the pool and across the scheme as a whole, in the interests of scheme members, employers and local taxpayers, and should not seek simply to minimise costs in the short term.

4.5 Local Pension Boards of pool members have a key role in pool governance, given their responsibilities under the LGPS Regulations 2013 (regulation 106 (1)) for assisting authorities in securing compliance with legislation, and ensuring effective and efficient governance and administration of the LGPS. They can provide additional scrutiny and challenge to strengthen pool governance and reporting, and improve transparency and accountability for both members and employers.

4.6 Local Pension Boards may also provide a group of knowledgeable and experienced people from which observers may be drawn if pool members wish to include observers on pool governance bodies.

Strategic and tactical asset allocation

4.7 Pool members are responsible for deciding their investment strategy and asset allocation, and remain the beneficial owners of their assets, in accordance with *Guidance for Preparing and Maintaining an Investment Strategy*.

4.8 Pool members collectively through their pool governance bodies should decide the pool's policy on which aspects of asset allocation are strategic and should remain with the administering authority, and which are tactical and best undertaken by the pool company. Pool governance bodies, when determining where such decisions lie, should be mindful of the trade-off between greater choice and lower costs and should involve the pool company to ensure the debate is fully informed on the opportunities and efficiencies available through greater scale.

4.9 Providing pool members with asset allocation choices through an excessively wide range of pool vehicles or investment managers will restrict the pool company's ability to use scale to drive up value. On the other hand maximising scale by significantly limiting asset allocation options may not provide all pool members with the diversification needed to meet their particular liability profile and cash flow requirements. Pool members should set out in their Funding Strategy Statement and Investment Strategy Statement how they, through the pool governance body, have balanced these considerations and how they will keep this under regular review.

4.10 Where necessary to deliver the asset allocation required by pool members, pool companies may provide a range of pool vehicles and in addition arrange and manage segregated mandates or access to external specialist funds. Pool governance bodies should ensure that their regulated pool companies have in place the necessary permissions to enable pool vehicles to be made available where appropriate.

4.11 Determining where asset allocation decisions lie will not be a one-off decision as pool member requirements will change over time. Pool governance bodies should ensure that a regular review process, which involves both pool members and pool companies, is in place.

5 Transition of assets to the pool

5.1 Pool members should transition existing assets into the pool as quickly and cost effectively as possible. Transition of listed assets should take place over a relatively short period.

5.2 Pool governance bodies, working with pool companies and, where appointed, external transition managers, should seek to minimise transition costs to pool members while effectively balancing speed, cost and timing, taking into account exit or penalty costs and opportunities for crossing trades.

5.2 The transition process will incur direct or indirect costs which may fall unevenly across pool members. For example, where the selected managers are used by some pool members but not others. In such cases pool members who are already using the selected manager may incur significantly lower (if any) transition costs than those who do not.

5.3 Inter-authority payments (or other transfers of value) may be desirable in order to share these costs equitably between pool members. The Government's view is that such payments are investment costs within Regulation 4(5) of the 2016 Regulations, and payments made by a pool member to meet its agreed share of costs may be charged to the fund of that pool member, whether the payments are made to other pool members, the pool company, or another body by agreement.

Temporary retention of existing assets

5.4 In exceptional cases, some existing investments may be retained by pool members on a temporary basis. If the cost of moving the existing investment to a pool vehicle exceeds the benefits of doing so, it may be appropriate to continue to hold and manage the existing investment to maturity before reinvesting the funds through a pool vehicle.

5.5 In many cases there will be benefits in such retained assets being managed by the pool company in the interim. However pool members may retain the management of existing long term investment contracts where the penalty for early exit or transfer of management would be significant. These may include life insurance contracts ('life funds') accessed by pool members for the purpose of passive equity investment, and some infrastructure investments. Pool members may also retain existing direct property assets where these may be more effectively managed by pool members.

Regular review of retained assets

5.6 Pool members, working with the pool company, should undertake regular reviews (at least every three years) of retained assets and the rationale for keeping these assets outside the pool. They should review whether management by the pool company would deliver benefits. Pool members should consider the long term costs and benefits across the pool, taking account of the guidance on cost-sharing, and the presumption should be in favour of transition to pool vehicles or moving such assets to the management of the pool company.

6 Making new investments outside the pool

6.1 Pool members should normally make all new investments through the pool company in order to maximise the benefits of scale. Following the 2019 valuation, pool members will review their investment strategies and put revised strategies in place from 2020. From 2020, when new investment strategies are in place, pool members should make new investments outside the pool only in very limited circumstances.

6.2 A small proportion of a pool member's assets may be invested in local initiatives within the geographical area of the pool member or in products tailored to particular liabilities specific to that pool member. Local assets should:

- Not normally exceed an aggregate 5% of the value of the pool member's assets at the point of investment.
- Be subject to a similar assessment of risk, return and fit with investment strategy as any other investment.

6.3 Pool members may invest through pool vehicles in a pool other than their own where collaboration across pools or specialisation by pools can deliver improved net returns.

6.4 During the period of transition, while pool governance bodies and pool companies work together to determine and put in place the agreed range of pool vehicles, a pool member may make new investments outside the pool, if following consultation with the pool company, they consider this is essential to deliver their investment strategy. This exemption only applies until the pool vehicles needed to provide the agreed asset allocation are in place.

7 Infrastructure investment

7.1 Infrastructure investment has the potential to provide secure long term returns with a good fit to pension liabilities, and form part of investment strategies of authorities. The establishment of the pools was intended to provide the scale needed for cost-effective investment in infrastructure, and to increase capacity and capability to invest in infrastructure.

7.2 There is no target for infrastructure investment for pool members or pools, but pool members are expected to set an ambition on investment in this area. Pool companies may provide pool vehicles for investment in UK assets, or overseas assets, or both, as required to provide the risk and return profile to meet pool member investment strategies. However the Government expects pool companies to provide the capability and capacity for pools over time to move towards levels of infrastructure investment similar to overseas pension funds of comparable aggregate size.

7.3 Pool companies may provide pool vehicles for investment in existing (brownfield) or new (greenfield) infrastructure, based on an assessment of the benefits and risks in relation to pool member liabilities, and non-financial factors where relevant. Pool members may invest in their own geographic areas but the asset selection and allocation decisions should normally be taken by the pool company in order to manage any potential conflicts of interest effectively, maintain propriety, and ensure robust evaluation of the case for investment.

7.4 For the purpose of producing annual reports, infrastructure assets are defined in the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance *Preparing the Annual Report* as follows:

Infrastructure assets are the facilities and structures needed for the functioning of communities and to support economic development. When considered as an investment asset class, infrastructure investments are normally expected to have most of the following characteristics:

- *Substantially backed by durable physical assets;*
- *Long life and low risk of obsolescence;*
- *Identifiable and reliable cash flow, preferably either explicitly or implicitly inflation-linked;*
- *Revenues largely isolated from the business cycle and competition, for example, through long term contracts, regulated monopolies or high barriers to entry;*
- *Returns to show limited correlation to other asset classes.*

Key sectors for infrastructure include transportation networks, power generation, energy distribution and storage, water supply and distribution, communications networks, health and education facilities, social accommodation and private sector housing.

Conventional commercial property is not normally included, but where it forms part of a broader infrastructure asset, helps urban regeneration or serves societal needs it may be.

7.5 All residential property is included in this definition of infrastructure. It is not restricted to social accommodation or private sector housing.

7.6 A variety of platforms may be required to implement the infrastructure investment strategies of pool members. Pool companies are expected to provide access to a range of options over time including direct and co-investment opportunities.

8 Reporting

8.1 Pool members are required to report total investment costs and performance against benchmarks publicly and transparently in their annual reports, following the CIPFA guidance *Preparing the Annual Report*, with effect from the 2018-19 report.

8.2 In summary, pool member annual reports should include:

- opening and closing value and proportion of pooled assets by asset class
- opening and closing value and proportion of local assets by asset class
- net and gross performance of pooled assets by asset class
- total costs of pooled assets by asset class
- for actively managed listed assets, net performance by asset class net of total costs compared to appropriate passive indices over a one, three and five year period
- net and gross performance of local assets by asset class
- total costs of local assets by asset class
 - asset transition during the reporting year
 - transition plans for local assets
 - pool set-up and transition costs, presented alongside in-year and cumulative savings from pooling
 - ongoing investment management costs by type, with a breakdown between pooled assets and local assets

8.3 Investments should be classed as pool assets on the basis of the definition in the CIPFA guidance *Preparing the Annual Report*.

For the purpose of defining those assets which are classed as being within an asset pool, 'pooled assets' are those for which implementation of the investment strategy – i.e. the selection, appointment, dismissal and variation of terms for the investment managers (including internal managers) – has been contractually, transferred to a third party out with the individual pension fund's control.

8.4 Any investment where a pool member retains the day to day management, or the responsibility for selecting or reappointing an external manager, is not a pool asset.

8.5 Pool members should provide a rationale for all assets continuing to be held outside the pool, including the planned end date and performance net of costs including a comparison which costs of any comparable pool vehicles. They should also set out a high level plan for transition of assets.

8.6 The SAB will publish an annual report on the pools based on aggregated data from the pool member annual reports, in the Scheme Annual Report. Pool members should comply with all reasonable requests for any additional data and information from the SAB to enable it to publish a comprehensive report.

8.7 Pool members should ensure that pool companies report in line with the SAB Code of Cost Transparency. They should also ensure that pool companies require their internal and external investment managers to do so.

8.8 Pool members should also ensure that the annual report of the pool company is broadly consistent with the reports of pool members, and with the Scheme Annual Report, in so far as it relates to their investments, and that the report includes a narrative to explain differences. These may arise for example from reporting periods of pool companies which differ from that of the pool member.

8.9 Pool members are required to report any change which results in failure to meet the requirements of this guidance to the LGPS Scheme Advisory Board (SAB) and to MHCLG.

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

Date: 15 February 2019

Report by: Head of Pensions

Subject:	Data Improvement Plan Progress Report
Purpose of the Report	To present progress made against the Pension Fund Data Improvement Plan
Recommendations	The Pension Fund Board are asked to note the Data Improvement Plan Progress Report.
Enquiries to:	Joanne Walton, Governance and Regulations Manager jwalton@northamptonshire.gov.uk

1. Background

- 1.1 The primary purpose of the Cambridgeshire Pension Fund is to pay the correct pension benefits to its members when they become due. It is therefore essential that the Fund achieves and maintains the highest possible data quality standards.
- 1.2 The Public Service Pensions Act 2013 (effective from 1 April 2014) increased the powers of the Pensions Regulator to ensure that public service pension schemes had appropriate measures in place to ensure high standards of governance and administration.
- 1.3 The Pensions Regulator articulated these standards through the code of practice 14 – governance and administration of public service pension schemes. The code addresses the need for high standards of accurate data and states that schemes must regularly review the data held and put in place a Data Improvement Plan to address any issues.
- 1.4 To demonstrate to the Pensions Regulator that the Fund has reviewed the quality of its data and has an ongoing approach to ensuring appropriate processes are in place to consistently hold accurate data, a Data Improvement Policy and a Data Improvement Plan has been established.
- 1.5 A summary of the items on the Data Improvement Plan can be found in appendix 1.
- 1.6 This report is to provide the Pension Fund Committee with details of the progress made against the Data Improvement Plan and will be presented at each meeting.

2. Data Improvement Plan Activities

The activities on the Plan that are currently in progress are as follows:

2.1 Resolution of unprocessed leaver records

Purpose of activity: To process all the unprocessed leaver benefits in accordance with the member's entitlement under the LGPS regulations.

Timescale for completion: As detailed in the table below.

On target for completion: As detailed in the table below.

Progress to date: From the baseline position 816 unprocessed leaver cases have now been completed.

Benefit Type	Refunds	Deferred Benefit (single)	Deferred Benefit (multi)	Amalgamation	Total
Baseline	507	442	1,492	3,382	5,823
December 2018	297	331	1,310	3,069	5,007

2.2 Contracted-out liabilities reconciliation

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

Timescale for completion: The reconciliation stage of this activity must complete with Her Majesty's Revenue and Customs (HMRC) by 31 December 2018 as it will not be possible to make any amendments to liability ownership or raise any additional queries with HMRC after this date. The rectification of variances will commence in 2019, the date and duration of which will be defined once the final number of variances are known.

On target for completion: ITM Limited have provided regular assurances that they have raised all 'first time' queries with HMRC by the deadline of 31 October 2018 and that they will have raised all queries that have not been resolved on first presentation by HMRC's final deadline date of 31 December 2018.

Progress to date: An update report from ITM Limited dated 16 November 2018 confirmed that 84% of member's contracted out liability had been reconciled. 2% of records are pending processing by ITM Limited following receipt of information from HMRC and 16% of records are have been sent to HMRC for query resolution. It is expected that 1.6% of the queries that are with HMRC will not be resolved until March 2019. The total amount of records in scope of this project is 74,618.

ITM Limited have provided an early indication the data reconciled with HMRC to date mat result in 382 underpaid and 630 overpaid pension records. .

LGSS Pensions are now considering the most efficient method to make these corrections. For the majority of overpayment cases it is expected that these will be written off in line with the actions taken by the other public service pension schemes.

2.3 Pensioner Payroll vs Pensions Administration reconciliation and rectification

Purpose of activity: To resolve variances in the amount of pension in payment on the pensioner payroll with that held on the administration record. Instances of over or underpayments of members' pensions have been identified.

Timescale for completion: 31 March 2019

On target for completion: Yes

Progress to date: During the initial reconciliation stage that ran between August and December 2017 1,123 out of the 1,614 initial variances were found to be correctly in payment, requiring only amendments to the administration record to correct the apparent variance.

The opening position for the rectification stage of the project which commenced in January 2018 was a total of 491 cases. During the rectification of the 491 cases 124 have so far been found to be correctly in payment leaving only 367 variances resulting in either an underpayment or overpayment of pension that required rectification.

As at the time of writing this report 219 out of 252 underpayment cases have been fully processed with the member's pension corrected to the right annual rate and with arrears and interest paid. There are a further 33 potential underpayment cases that are significantly more complex to resolve or may interact with the contracted-out project.

To date 30 out of 115 overpayment cases have been addressed. In these cases members have been contacted to notify them that their pension has been overpaid and that it will be reduced to the correct rate. Where the value of the overpayment is in excess of £100, the member has been asked to repay the overpayment by a reduction to their ongoing pension.

Of the 30 members that have been written to advising that they have been overpaid 2 have agreed to repay in full, 6 members have agreed to ongoing deductions from their monthly pension and a further 9 members have had ongoing deductions commence following no response being received. 6 members' pensions have been corrected with small overpayments written off in line with the Fund's Overpayment of Pension Policy. Correspondence is ongoing with the remaining 7 members.

It is anticipated that some of the remaining 85 overpayment cases will also prove to have the correct values in payment.

2.4 Rectification of Pensions Increase errors

Purpose of activity: To resolve inaccurate pensions in payment on the pensioner payroll due to incorrect Pensions Increase being applied. Instances of over or underpayments of members' pensions have been identified.

Timescale for completion: 28 February 2019

On target for completion: The timescale for completion has been extended to allow for the completion of the activity detailed in 2.3 as the financial impact in that activity is greater on both the Fund and the scheme member. It is expected that this activity will now complete by 31 August 2019.

Progress to date: To date 22 out of 347 cases have been resolved. 10 of these cases have been found to be correctly in payment requiring only amendments to the administration record. 11 cases have been underpaid and these have been fully rectified with arrears paid to the scheme member. The final member had been overpaid and has agreed a plan to recover the overpayment from their ongoing and corrected pension.

It is anticipated that some of the remaining 325 cases will also prove to have the correct values in payment, requiring only amendments to the administration record.

3. Relevant Fund objectives

Continually monitor and measure clearly articulated objectives through business planning.
Maintain accurate records and ensure data is protected and used for authorised purposes only.

4. Risk Management

4.1 The Pension Fund Committee approved the Data Improvement Policy and Data Improvement Plan in October 2018 and officers will keep both documents under constant review. The plan details the identified data improvement activities that need to be undertaken and the progress of these activities is reported through the Data Improvement Plan Progress report presented to the Pension Fund Committee and Local Pension Board at every meeting.

4.2 The risks associated with failing to monitor progress against the Data Improvement Plan have been captured in the Fund’s risk register as detailed below.

Risk register	Risk mitigated	Residual risk
Governance (risk 1)	The scheme would not be administered in line with regulations and policies	Green
Governance (risk 2)	Those charged with the governance of the Fund and scheme are unable to fulfil their responsibilities effectively	Amber

4.3 The Fund’s full risk register can be found on the Fund’s website at the following link: <http://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

5. Communication Implications

Direct Communications	The Data Improvement Plan Progress report will be presented to the Pension Fund Board at each meeting.
------------------------------	--

6. Legal Implications

6.1 Not applicable

7. Consultation with Key Advisers

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

8. Alternative Options Considered

8.1 Not applicable

9. Background Papers

9.1 Data Improvement Policy and Data Improvement Plan

<https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/791/Committee/16/Default.aspx>

10. Appendices

10.1 Appendix 1 – Data Improvement Activities

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 1/2/2019

Appendix 1 – Full list of data improvement activities for the 2018/19 financial year.

Key action/task	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20
Resolution of awaiting entry records to correct membership status			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Resolution of unprocessed leaver records	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Contracted out liabilities reconciliation	✓	✓															
Contracted out liabilities rectification – duration to be confirmed following end of reconciliation stage			✓														
Rectification of Pensions Increase errors						✓	✓	✓	✓	✓							
Pensioner Payroll vs Pensions Administration reconciliation and rectification	✓	✓	✓	✓	✓												
Member tracing and morality screening – duration to be confirmed following procurement process			✓														
Resolution of common data fails as identified in the 2018 data audit			✓	✓	✓												
Resolution of scheme specific data fails identified in the 2018 data audit			✓	✓	✓												

Appendix 2 – Unprocessed leaver activities

Activity description	Start Date	Due Date	Completed	Comments	RAG Status
Request missing leaving certificates from scheme employers (Single DB, Multi DB)	Jan 19	Feb 19		Original target date Dec 18	G
Process Multi DB casework.	Mar 19	Aug 19		Scoping utilising Aon for processing, funded by staff underspend. Original target date Jun 19.	A
Request missing leaving certificates from scheme employers (Amalgamations)	Jun 19	Jul 19		Rescheduled to sync with remainder of project	G
Design processing solution for Amalgamation casework	Aug 19	Aug 19		Delayed to see outcomes from Multi DB processing	G
Process Amalgamation casework	Sep 19	Aug 20			G
Process remaining Refund and Single DB cases as leaving certificates received	Jan 19	Jun 19		Risk certificates remain outstanding from scheme employers	A

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

Date: 15 February 2019

Report by: Head of Pensions

Subject:	Cambridgeshire Pension Fund - Risk Strategy and Risk Register
Purpose of the Report	To present the Risk Strategy and Risk Register to the Pension Fund Board
Recommendations	The Board are asked to review the Risk Strategy and Risk Register and provide recommendations where appropriate.
Enquiries to:	Michelle Oakensen, Governance Officer, moakensen@northamptonshire.gov.uk

1. Background

- 1.1 Good governance requires that there is an appropriate Risk Strategy and Risk Register in place in order to effectively manage the risks facing the Fund. The risk strategy sets out the principles of risk management and how the risks are profiled and the risk register records the details of all risks that have been identified along with their analysis and plans for how those risks will be treated.
- 1.2 The Risk Strategy and Risk Register can be viewed by the Pension Committee and Local Pension Board members as well as officers of the Fund as management tools for monitoring the risk management processes of the Fund. The Risk Register is used to identify, assess, and manage risks to acceptable levels through a review and updating process.
- 1.3 The current Risk Strategy was approved in March 2016 and the current Risk Register was approved on 20 October 2016. It was deemed appropriate to review both documents to ensure risks and approach to risks remain relevant and manageable.

2. Changes to the Cambridgeshire Pension Fund Risk Strategy

- 2.1 The reviewed Risk Strategy can be found in appendix 1 of this report, the principles and philosophy of the strategy remain the same although the Strategy has been strengthened to support the risk analysis section.

The impact and likelihood assessments now include more detailed explanations of how the risk analysis should be undertaken. Detailed descriptions of impact ratings (Catastrophic, Major, Moderate, Minor and Insignificant) and percentage/timescales support the decision making process when determining the likelihood of a risk happening.

3. Changes to the Cambridgeshire Pension Fund Risk Register

3.1 The revised risk register can be found in appendix 2 of this report, the main changes to the register are as follows –

- Reduction of risks from 54 to 25 – more concise and high level with the detail encompassed in the controls to allow for easier monitoring;
- Not split into service areas as previous version (Governance, Funding and Investments and Administration and Communication) each risk has a responsible lead to demonstrate accountability;
- Risks are ordered in priority to allow for focus and easier monitoring;
- Revised criteria for assessing the impact and likelihood of a risk occurring, increasing detail to make a more accurate assessment; and
- A summary sheet has been designed to allow for an overview of the risks which shows priority, risk rating with Red, Amber, Green, (RAG) status, responsible lead and associated objectives.

4. Next Steps

- 4.1 The Local Pension Board are asked to review the Risk Strategy and Risk Register and provide recommendations/comments to the Pension Fund Committee for approval in March 2019.
- 4.2 When approved the Local Pension Board will be provided with a monitoring report on a quarterly basis and subsequently the Pension Fund Committee will receive updates bi-annually which will include any comments from the Local Pension Board. Any urgent need to review the Risk Register will be raised with the Chairman and Vice Chairman before this time.
- 4.3 The Local Pension Board and Pension Fund Committee will have oversight of the whole register but focus will be on any red and amber risks.
- 4.4 All reports presented to the Local Pension Board and Pension Fund Committee will reference the appropriate risk and mitigation detailed in the risk register under the 'Risk Management' section.

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>
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. *Objective 5*

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

6. Finance & Resources Implications

6.1 There are no financial and resource implications.

7. Risk Management

7.1 The Pension Fund Board and Pension Fund Committee are required to ensure the Fund is managed in an effective and appropriate manner giving the highest regard to the risks and potential risks that could affect the stakeholders of the Fund.

7.2 The risks associated with Pension Fund Board and the Pension Fund Committee not having a risk register in place and regularly reviewing the risks associated with the Fund have been captured in the Fund’s risk register as detailed below.

Risk register	Risk mitigated	Residual risk
Governance (risk 1)	Failure to administer the scheme in line with regulations and policies.	Amber
Governance (risk 4)	Policies and Strategies not being in place and up to date.	Green
Governance (risk 14)	Pension Fund objectives are not defined and agreed	Green
Governance (risk 15)	Failure to understand and monitor risk and compliance	Green
Governance (risk 18)	Failure to provide adequate information to the Pension Committee/Pension Board.	Green

7.3 The full risk register can be found on the LGSS Pensions website at the following link:

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

8. Communication Implications

Direct Communications	The Fund will keep the Pension Fund Committee and the Local Pensions Board updated with changes to the risks.
------------------------------	---

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 Risk Strategy 2016 -
<https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/62/Committee/16/Default.aspx>

12.2 Risk Register 2016 -
<https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/215/Committee/16/Default.aspx>

13. Appendices

13.1 Appendix 1 – Risk Strategy 2019

13.2 Appendix 2 – Risk Register 2019

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 30/1/2019

Cambridgeshire Pension Fund Risk Strategy 2019

Contents

Introduction	3
Strategy objectives	3
Purpose of the strategy	3
Effective date	4
Review	4
Scope	4
Risk Management Philosophy	4
CIPFA and the Pensions Regulator's Requirements	5
Responsibility	7
The Cambridgeshire Pension Fund Risk Management Process	7
Reporting and monitoring	9
Key risks to the effective delivery of this strategy	10
Costs	10
Further information	10
Appendix 1 – Impact and Likelihood Criteria	11

1. Introduction

1.1 This is the Risk Strategy of the Cambridgeshire Pension Fund ("the Fund"), part of the Local Government Pension Scheme ("LGPS") managed and administered by Cambridgeshire County Council ("the Administering Authority"). The Risk Strategy details the Fund's approach to managing risk including:

- the risk philosophy for the management of the Fund, and in particular attitudes to, and appetite for, risk
- how risk management is implemented
- risk management responsibilities
- the procedures that are adopted in the Fund's risk management process
- the key internal controls operated by the Administering Authority and other parties responsible for the management of the Fund

2. Strategy objectives

2.1 In relation to understanding and monitoring risk, the Administering Authority aims to:

- integrate risk management into the culture and day-to-day activities of the Fund
- raise awareness of the need for risk management by all those connected with the management of the Fund (including advisers, employers and other partners)
- anticipate and respond positively to change
- minimise the probability of negative outcomes for the Fund and its stakeholders
- establish and maintain a robust framework and procedures for identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice
- ensure consistent application of the risk management methodology across all Fund activities, including projects and partnerships.

2.2 To assist in achieving these objectives in the management of the Fund, the Administering Authority will aim to comply with:

- the CIPFA Managing Risk publication and
- the Pensions Act 2004 and the Pensions Regulator's Code of Practice for Public Service Pension Schemes as they relate to managing risk.

3. Purpose of the strategy

3.1 The Administering Authority recognises that effective risk management is an essential element of good governance in the LGPS. By identifying and managing risks through an effective policy and risk management strategy, the Administering Authority can:

- demonstrate best practice in governance
- improve financial management
- minimise the risk and effect of adverse conditions
- identify and maximise opportunities that might arise
- minimise threats

3.2 The Administering Authority adopts best practice risk management, which supports a structured and focused approach to managing risks, and ensures risk management is an integral part in the governance of the Fund at a strategic and operational level.

4. Effective date

4.1 This policy was first approved by the Pension Fund Committee on 24 March 2016 and the review approved on XX.

5. Review

5.1 The Policy will be formally reviewed and updated at least every three years or earlier if the risk management arrangements or other matters included within it merit reconsideration.

6. Scope

6.1 This Risk Strategy applies to all members of the Pension Fund Committee, the Investment Sub-Committee and the Pension Fund Board, including scheme member and employer representatives. It also applies to officers involved in the management of the Fund including the Chief Finance Officer (Section 151 Officer) and the Head of Pensions.

6.2 Advisers and suppliers to the Fund are also expected to be aware of this Policy, and assist officers, Committee and Sub-Committee members and Board members as required, in meeting the objectives of this Policy.

7. Risk Management Philosophy

7.1 The Administering Authority recognises that it is not possible or even desirable to eliminate all risks. Accepting and actively managing risk is therefore a key part of the risk management strategy for the Fund. A key determinant in selecting the action to be taken in relation to any risk will be its potential impact on the Fund's objectives in the light of the Administering Authority's risk appetite, particularly in relation to investment matters. Equally important is striking a balance between the cost of risk control actions against the possible effect of the risk occurring.

7.2 In managing risk, the Administering Authority will:

- ensure that there is a proper balance between risk taking and the opportunities to be gained
- adopt a system that will enable the Fund to anticipate and respond positively to change
- minimise loss and damage to the Fund and to other stakeholders who are dependent on the benefits and services provided

- make sure that any new areas of activity (new investment strategies, further joint-working, framework agreements etc.), are only undertaken if the risks they present are fully understood and taken into account in making decisions.

7.3 The Administering Authority also recognises that risk management is not an end in itself; nor will it remove risk from the Fund or the Administering Authority. However it is a sound management technique that is an essential part of the Administering Authority's stewardship of the Fund. The benefits of a sound risk management approach include better decision-making, improved performance and delivery of services, more effective use of resources and the protection of reputation.

8. CIPFA and the Pensions Regulator's Requirements

8.1 CIPFA Managing Risk Publication

CIPFA has published technical guidance on managing risk in the LGPS. The publication explores how risk manifests itself across the broad spectrum of activity that constitutes LGPS financial management and administration, and how, by using established risk management techniques, those risks can be identified, analysed and managed effectively.

The publication also considers how to approach risk in the LGPS in the context of the role of the administering authority as part of a wider local authority and how the approach to risk might be communicated to other stakeholders.

8.2 The Pension Regulator's Code of Practice

The Public Service Pensions Act 2013 added the following provision to the Pensions Act 2004 relating to the requirement to have internal controls in public service pension schemes.

“249B Requirement for internal controls: public service pension schemes

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

(a) in accordance with the scheme rules, and

(b) in accordance with the requirements of the law.

(2) Nothing in this section affects any other obligations of the scheme manager to establish or operate internal controls, whether imposed by or by virtue of any enactment, the scheme rules or otherwise.

(3) In this section, “enactment” and “internal controls” have the same meanings as in section 249A.”

Section 90A of the Pensions Act 2004 requires the Pensions Regulator to issue a code of practice relating to internal controls. The Pensions Regulator has issued such a code in which he encourages scheme managers (i.e. administering authorities in the LGPS) to employ a risk based approach to assessing the adequacy of their internal controls and to ensure that sufficient time and attention is spent on

identifying, evaluating and managing risks and developing and monitoring appropriate controls.

The Pensions Regulator's code of practice guidance on internal controls requires scheme managers to carry out a risk assessment and produce a risk register which should be reviewed regularly. The risk assessment should begin by:

- setting the objectives of the scheme
- determining the various functions and activities carried out in the running of the scheme, and
- identifying the main risks associated with those objectives, functions and activities.

The code of practice goes on to say that schemes should consider the likelihood of risks arising and the effect if they do arise when determining the order of priority for managing risks, and focus on those areas where the impact and likelihood of a risk materialising is high. Schemes should then consider what internal controls are appropriate to mitigate the main risks they have identified and how best to monitor them. The code of practice includes the following examples as issues which schemes should consider when designing internal controls to manage risks:

- how the control is to be implemented and the skills of the person performing the control
- the level of reliance that can be placed on information technology solutions where processes are automated
- whether a control is capable of preventing future recurrence or merely detecting an event that has already happened
- the frequency and timeliness of a control process
- how the control will ensure that data are managed securely, and
- the process for flagging errors or control failures, and approval and authorisation controls.

The code states that risk assessment is a continual process and should take account of a changing environment and new and emerging risks. It further states that an effective risk assessment process will provide a mechanism to detect weaknesses at an early stage and that schemes should periodically review the adequacy of internal controls in:

- mitigating risks
- supporting longer-term strategic aims, for example relating to investments
- identifying success (or otherwise) in achieving agreed objectives, and
- providing a framework against which compliance with the scheme regulations and legislation can be monitored.

Under section 13 of the Pensions Act 2004, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to internal controls are not being adhered to.

8.3 The Administering Authority adopts the principles contained in CIPFA's Managing Risk in the LGPS document and the Pension Regulator's code of practice in relation to the Fund. This Risk Strategy highlights how the Administering Authority strives to achieve those principles through use of risk management processes and internal controls incorporating regular monitoring and reporting.

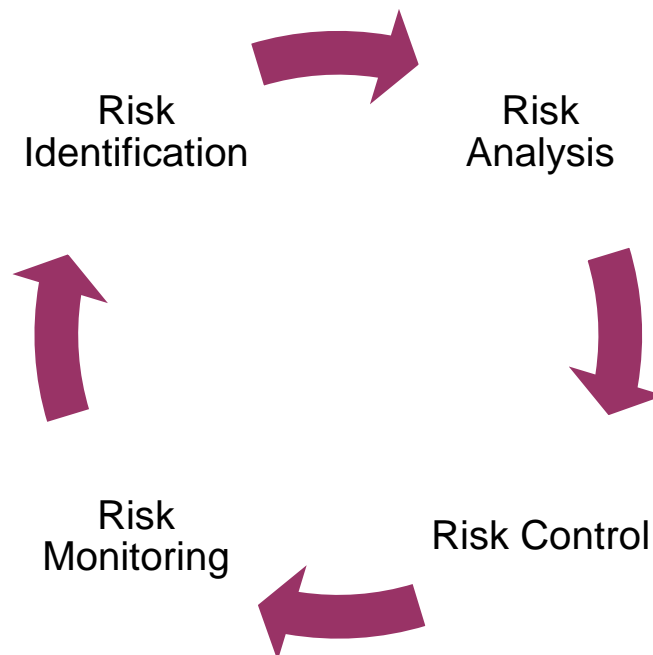
9. Responsibility

9.1 The Administering Authority must be satisfied that risks are appropriately managed. For this purpose, the officers are responsible for ensuring the process outlined below is carried out, subject to the oversight of the Pension Fund Committee and Pension Fund Board.

However, it is the responsibility of each individual covered by this Strategy to identify any potential risks for the Fund and ensure that they are fed into the risk management process.

10. The Cambridgeshire Pension Fund Risk Management Process

10.1 The Administering Authority's risk management process is in line with that recommended by CIPFA and is a continuous approach which systematically looks at risks surrounding the Fund's past, present and future activities. The main processes involved in risk management are identified in the figure below and detailed in the following sections.



10.2 Risk identification

The risk identification process is both a proactive and reactive one: looking forward i.e. horizon scanning for potential risks, and looking back, by learning lessons from reviewing how previous decisions and existing processes have manifested in risks to the organisation.

Risks are identified by a number of means including, but not limited to:

- formal risk assessment exercises overseen by the Pension Fund Committee and Pension Fund Board
- performance measurement against agreed objectives
- monitoring against the Fund's business plan
- findings of internal and external audit and other adviser reports
- feedback from the local Pension Board, employers and other stakeholders
- informal meetings of senior officers or other staff involved in the management of the Fund
- liaison with other organisations, regional and national associations, professional groups, etc.

Once identified, risks will be documented on the Fund's risk register, which is the primary control document for the subsequent analysis, control and monitoring of those risks.

10.3 Risk analysis

Once potential risks have been identified, the next stage of the process is to analyse and profile each risk. Risks will be assessed by considering the likelihood of the risk occurring and the effect if it does occur, with the score for likelihood multiplied by the score for impact to determine the current overall risk rating, as illustrated in the table below.

Potential impact if risk occurred	5 Catastrophic	5	10	15	20	25
	4 Major	4	8	12	16	20
	3 Moderate	3	6	9	12	15
	2 Minor	2	4	6	8	10
	1 Insignificant	1	2	3	4	5
		1 Rare (5%)	2 Unlikely (15%)	3 Possible (40%)	4 Likely (65%)	5 Almost certain (80%)

Likelihood and percentage of risk occurring

When considering the risk rating, the Administering Authority will have regard to the existing controls in place and these will be summarised on the risk register.

The criteria for impact and likelihood are detailed in **Appendix 1**.

10.4 Risk control

The Governance and Regulations Manager will review the extent to which the identified risks are covered by existing internal controls and determine whether any further action is required to control the risk, including reducing the likelihood of a risk event occurring or reducing the severity of the consequences should it occur. Before any such action can be taken, Pension Fund Committee approval may be required where appropriate officer delegations are not in place. The result of any change to the internal controls could result in any of the following:

- Risk elimination – for example, ceasing an activity or course of action that would give rise to the risk.
- Risk reduction – for example, choosing a course of action that has a lower probability of risk or putting in place procedures to manage risk when it arises.
- Risk transfer – for example, transferring the risk to another party either by insurance or through a contractual arrangement.

The Fund's risk register details all further action in relation to a risk and the owner for that action. Where necessary the Administering Authority will update the Fund's business plan in relation to any agreed action as a result of an identified risk.

10.5 Risk monitoring

Risk monitoring is the final part of the risk management cycle and will be the responsibility of the Pension Fund Committee. In monitoring risk management activity, the Committee will consider whether:

- the risk controls taken achieved the desired outcomes
- the procedures adopted and information gathered for undertaking the risk assessment were appropriate
- greater knowledge of the risk and potential outcomes would have improved the decision-making process in relation to that risk
- there are any lessons to be learned for the future assessment and management of risks.

11. Reporting and monitoring

- 11.1 Progress in managing risks will be monitored and recorded on the risk register. The risk register, including any changes to the internal controls, will be provided on an annual basis to the Pension Fund Committee.

The Pension Fund Committee will be provided with updates on an ongoing basis in relation to any significant changes to risks (for example where a risk has changed by a score of 3 or more) or new major risks (for example, scored 15 or more).

As a matter of course, the Pension Fund Board will be provided with the same information as is provided to the Pension Fund Committee (or Investment Sub-

Committee as appropriate) and they will be able to provide comment and input to the management of risks.

In order to identify whether the objectives of this policy are being met, the Administering Authority will review the delivery of the requirements of this Strategy on an annual basis taking into consideration any feedback from the Pension Fund Board.

12. Key risks to the effective delivery

12.1 The key risks to the delivery of this Strategy are outlined below. The Pension Fund Committee will monitor these and other key risks and consider how to respond to them following updates and recommendations from officers.

- Risk management becomes mechanistic, is not embodied into the day to day management of the Fund and consequently the objectives of the Policy are not delivered
- Changes in Pension Fund Committee and/or Pension Fund Board membership and/or senior officers mean key risks are not identified due to lack of knowledge
- Insufficient resources are available to satisfactorily assess or take appropriate action in relation to identified risks
- Risks are incorrectly assessed due to a lack of knowledge or understanding, leading to inappropriate levels of risk being taken without proper controls
- Lack of engagement or awareness of external factors means key risks are not identified
- Conflicts of interest or other factors lead to a failure to identify or assess risks appropriately

13. Costs

13.1 All costs related to this Risk Strategy are met directly by the Fund.

14. Further information

14.1 For further information about anything in or related to this Risk Strategy, please contact:

Jo Walton
Governance and Regulations Manager
LGSS Pensions Service
E-mail: jwalton@northamptonshire.gov.uk

14.2 Further information on the Cambridgeshire Pension Fund can be found on the LGSS Pensions Service website;
<http://pensions.cambridgeshire.gov.uk>

Appendix 1 – Criteria for assessing impact and likelihood

Impact

Description	Risk Appetite	Example
Catastrophic (5)	<ul style="list-style-type: none"> • Unacceptable level of risk exposure which requires immediate action to be taken. • >£10m. • Section 151 or government intervention or criminal charges. • Critical long term disruption to service delivery. • Significant and sustained local opposition to policies and/or sustained negative media reporting in national media. 	Data breach containing the personal information of more than 80% of the Fund where no mitigations were put in place to minimise impact.
Major (4)	<ul style="list-style-type: none"> • Unacceptable level of risk exposure which requires regular active monitoring (at least quarterly) and measures put in place to reduce exposure. • <£10m. • Major civil litigation setting precedent and/or national public enquiry. • Major disruption to service delivery. • Sustained negative coverage in local media or negative reporting in the national media. 	Data breach containing the personal information of more than 50% of the Fund where no mitigations were put in place to minimise impact.
Moderate (3)	<ul style="list-style-type: none"> • Acceptable level of risk exposure subject to regular active monitoring measures, at least quarterly. • <£5m. • Major civil litigation and/or local public enquiry. • Moderate direct effect on service delivery. • Significant negative front page reports/editorial comment in the local media. 	Data breach containing the personal information of more than 20% of the Fund where some mitigations were put in place to minimise impact.

Minor (2)	<ul style="list-style-type: none"> • Acceptable level of risk subject to regular passive monitoring measures, at least half yearly. • <£1m. • Minor regulatory enforcement. • Minor disruption to service delivery. • Minimal negative local media reporting. 	Data breach containing the personal information of more than 5% of the Fund and some mitigations were put in place to minimise impact.
Insignificant (1)	<ul style="list-style-type: none"> • Acceptable level of risk subject to periodic passive monitoring measures, at least annually. • <£0.5m. • Minor civil litigation or regulatory criticism. • Insignificant disruption to service delivery. • No reputational impact. 	Data breach containing the personal information of up to 5% of the Fund and all mitigations were in place to minimise impact.

Likelihood

Description	% risk of happening	Or	Potential timescale
Rare (1)	5		Once in 20 or more years
Unlikely (2)	15		Once in 10 to less than 20 years
Possible (3)	40		Once in 3 to less than 10 years
Likely (4)	65		Once in 1 to less than 3 years
Almost certain (5)	80		At least once in a year

Appendix 2 – Cambridgeshire Pension Fund Risk Register

Risk	Risk	Relevant objectives	Responsible Lead(s)*	Risk Rating
1	Employers unable to pay increased contribution rates.	9		12
2	Failure to respond to changes in economic conditions.	15,16		12
3	Contributions to the Fund are not received on the correct date and/or for the correct amount	1,8,9,16		8
4	Fund assets are not sufficient to meet obligations and liabilities.	2,16,17,19		8
5	Information may not be provided to stakeholders as required.	14		6
6	Inappropriate investment strategy is adopted.	16, 17,18		6
7	Those charged with governance are unable to fulfil their responsibilities effectively.	2,3		6
8	Risk of fraud and error.	2,10		6
9	Failure to understand and monitor risk compliance.	5		6
10	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	8		6
11	Custody arrangements may not be sufficient to safeguard Pension Fund assets.	1,2,3		4
12	Pension Fund systems and data may not be secure and appropriately maintained.	10,11		4
13	Failure to administer the scheme in line with regulations and guidance.	1,2,3,16		4
14	Failure to recognise and manage conflicts of interest.	2,10		4
15	Pension Fund objectives are not defined and agreed.	4		4
16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	15		4
17	Pension Fund investments may not be accurately valued.	2,10,17,18		4
18	Actual experience materially differs from actuarial assumptions used at each valuation	9, 17,18		4
19	Failure to act appropriately upon expert advice and/or risk of poor advice.	17,18,19,20		4
20	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met.	9,17,18		4
21	Unable to deliver pension services due to an inadequate business continuity plan.	8		4
22	Unable to deliver pension services due to inadequate recruitment and retention processes.	8		4
23	Investment decisions and portfolio management may not maximise returns or be performed in accordance with instructions provided.	1,2,3,19		3
24	Adequate controls are not in place for the production of accounts, notices, publications and management reports.	1,2,10		3
25	A Data Improvement Policy and Plan are not in place and not adhered to.	2,8,10,11		3

Appendix 2 – Cambridgeshire Pension Fund Risk Register

*Key

	Employer Services and Systems Manager
	Accounting and Investments Manager
	Governance and Regulations Manager
	Operations Manager
	All Manager Responsibility

Overall responsibility rests with the Head of Pensions

Appendix 2 – Cambridgeshire Pension Fund Risk Register

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
1	Employers unable to pay increased contribution rates.	4	4	16	R	<ul style="list-style-type: none"> Provisional contribution rates are consulted on with each scheme employer as part of the valuation process 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. 	4	3	12	A
2	Failure to respond to changes in economic conditions	4	4	16	R	<ul style="list-style-type: none"> The Fund has established a quarterly Investment Sub Committee dedicated to focus on Investment matters. The Fund receives quarterly performance reports which consider operational and strategic investment issues. A formal review of the strategic asset allocation is undertaken on a triennial basis. The Fund publishes an Investment Strategy Statement which is regularly reviewed. 	4	3	12	A
3.	Contributions to the Fund are not received on the correct date and/or for the correct amount.	4	3	12	A	<ul style="list-style-type: none"> 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 meet monthly contributions. A procedure is in place to identify non-payment and late payment of contributions as defined in the Employee and Employer Late Payment Policy. The Policy includes a reporting process to report late payments to Committee and the Pensions Regulator Internal Audit reviews take place on an annual basis and external audit review the accounts annually. 	4	2	8	A
4	Fund assets are not sufficient to meet obligations and liabilities	4	3	12	A	<ul style="list-style-type: none"> The Funding Strategy Statement is reviewed every 3 years. The Fund Actuary considers asset valuations and the Fund Investment Strategy in setting employer contributions rates. The yearend financial statements record the Funds asset position and is subject to robustly reviewed by external audit, which supports the Funds asset valuation applied to assess fund adequacy. 	4	2	8	A

Appendix 2 – Cambridgeshire Pension Fund Risk Register

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
5	Information may not be provided to stakeholders as required	3	3	9	A	<ul style="list-style-type: none"> Officers keep up to date with disclosure regulations and distribute knowledge to teams accordingly using resources such as relevant websites, seminars, professional bodies and working groups. Letters are generated through task management for consistency and are checked before being sent out. 	3	2	6	G
6	Inappropriate investment Strategy is adopted	3	3	9	A	<ul style="list-style-type: none"> Investment Strategy in place which is in accordance with LGPS investment regulations. A formal review of the strategic asset allocation is undertaken on a triennial basis. The Fund appoints professional investment advisers to support the Pension Committees investment decisions At each triennial actuarial valuation the Funding Strategy Statement considers alignment of the investment strategy to employer covenant and affordability. Members are encouraged to participate in Skills & Knowledge training with respect to Investments and attend relevant industry conferences. Detailed training records are maintained. 	3	2	6	G
7.	Those charged with governance are unable to fulfil their responsibilities effectively	3	3	9	A	<ul style="list-style-type: none"> Training Strategy in place to facilitate the continual development of both Committee and Board members. New members are provided with relevant documentation to assist them in their roles. The Fund subscribes to relevant professional bodies such as LAPFF and PALSA. 	3	2	6	G
8.	Risk of fraud and error	3	3	12	A	<ul style="list-style-type: none"> Anti- Fraud and Corruption policy in place. Fund participates in the National Fraud Initiative and undertakes oversees pensioner existence checks. Robust processes in place including segregation of duties and authorisation protocols. 	3	2	6	G

Appendix 2 – Cambridgeshire Pension Fund Risk Register

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
9	Failure to understand and monitor risk compliance	3	2	6	G	<ul style="list-style-type: none"> Business Continuity plan in place and is updated at least annually. Active risk register in place, the Committee and Board are updated if there are any risk movements between scheduled reporting timescales. The Local Pension Board have oversight of risk monitoring to assist the Pensions Committee on decision making. 	3	2	6	G
10	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	3	4	12	A	<ul style="list-style-type: none"> Employers are made aware of their responsibilities upon admission via the LGSS website and direct employer communication. Training is provided to employers on a minimum quarterly basis and more often, if required. The importance of a statutory deadlines is stressed to the employer through all communications and via events such as the employer forums. Support is also available through the website, dedicated employers help line and templates issued where applicable. 	2	3	6	G
11	Custody arrangements may not be sufficient to safeguard Pension Fund assets	4	2	8	A	<ul style="list-style-type: none"> The Custodian is selected from experienced providers on the LGPS National Framework who have met the quality criteria for the framework. Complete and authorised agreements are in place with external custodian. External custodian's compliance with International Standard on Assurance Engagements (ISAE) No. 3402, Assurance Reports on Controls at a Service Organisation. Officers of the Fund engage in quarterly monitoring of custodian performance with a report presented at the annual meeting of the Pensions Committee. 	4	1	4	G

Appendix 2 – Cambridgeshire Pension Fund Risk Register

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
12	Pension Fund systems and data may not be secure and appropriately maintained	4	2	8	A	<ul style="list-style-type: none"> • 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 updated to ensure LGPS requirements are met. • Hosted pensions server and backup server are at separate Bedfordshire sites. • Disaster recovery plans are in place for both Heywood and LGSS. • Training to Officers on cyber resilience 	4	1	4	G
13	Failure to administer the scheme in line with regulations and guidance	4	2	8	A	<ul style="list-style-type: none"> • Policies and strategies are in place and are accessible on the Fund website. • Policies and strategies are subject to review at appropriate intervals and subject to stakeholder consultation where necessary. • A Training Strategy is in place for those charged with governance. • Officers attend working groups (such as EMPOG/SECSOG) and consult with professional advisors where appropriate. • Employers are aware of their responsibilities within the Fund and what information is required, in what format and by when. • The Fund subscribes to relevant professional bodies such as LAPFF and PALSA. 	4	1	4	G

Appendix 2 – Cambridgeshire Pension Fund Risk Register

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
14	Failure to recognise and manage conflicts of interest	4	2	8	A	<ul style="list-style-type: none"> Declaration of interests are made at the beginning of all statutory meetings where not held on the County Councillor declaration register. Conflicts of Interest Policy in place for the Local Pension Board. Committee and Board members are encouraged to undertake the Pension Regulators Toolkit which includes a conflicts of interest module. 	2	2	4	G
15	Pension Fund objectives are not defined and agreed	4	2	8	A	<ul style="list-style-type: none"> 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. Objectives are referenced in all policy documents and the risk register to ensure appropriate focus. 	2	2	4	G
16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	3	2	6	G	<ul style="list-style-type: none"> Committee and Board papers are provided for each scheduled meeting, providing relevant information to inform decision making. Papers are subject to appropriate approvals including that of the Monitoring Officer and Section 151 Officer Yearly effectiveness reviews for Committee and Board members are carried out to identify if any changes need to be made to the information delivered. 	2	2	4	G

Appendix 2 – Cambridgeshire Pension Fund Risk Register

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
17	Pension Fund Investments may not be accurately valued	3	2	6	G	<ul style="list-style-type: none"> The Fund employs a custodian to independently review the fund asset values applied by Fund Managers and these valuations are applied in the year-end financial statements. The year-end financial statements record the Funds asset position and is subject to robust review by external audit. Officers work closely with the Funds Custodian to ensure accuracy of asset valuations. 	2	2	4	G
18	Actual experience materially differs from actuarial assumptions used at each valuation.	3	3	9	A	<ul style="list-style-type: none"> Assumptions and actual experience are analysed through triennial valuations to ensure assumptions remain appropriate. Early engagement with employers. The Investment Sub Committee receives quarterly performance reports provided by recognised industry professionals which considers both strategic and operational aspects of investment. Officers are in partnership with Fund advisers report asset allocation performance quarterly to the Investment Sub Committee. 	2	2	4	G
19	Failure to act appropriately upon expert advice and/or risk of poor advice	4	2	8	A	<ul style="list-style-type: none"> Pension Committee decisions and oversight by the Local Pension Board. Investment consultants and independent advisors appointed via a robust appointment process. Members are encouraged to participate in Skills & Knowledge training with respect to Investments and attend relevant industry conferences. Detailed training records are maintained. 	2	2	4	G

Appendix 2 – Cambridgeshire Pension Fund Risk Register

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
20	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met.	3	3	9	A	<ul style="list-style-type: none"> Assessment of the strength of individual employer covenants in conjunction with the actuary and what bond/guarantor arrangements are in place Close liaison with Employers in managing exit strategy in line with the Admitted bodies, Scheme employers and Transfer Policy. Ensure individual employers are monitored closely to pre-empt when they are likely to cease and put in arrangements to fund cessation on an appropriate basis. 	2	2	4	G
21	Unable to deliver pension services due to an inadequate business continuity plan	3	2	6	G	<ul style="list-style-type: none"> 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. Updated at least annually to ensure remains relevant and up to date. Part of the LGSS business continuity plan. 	2	2	4	G
22	Unable to deliver pension services due to inadequate recruitment and retention processes.	3	2	6	G	<ul style="list-style-type: none"> Establishment reporting undertaken monthly to identify any recruitment/retention issues Recruitment undertaken utilising all available avenues including agency staff Staff leaving interviewed to understand reason for cessation Regular performance reporting across all business processes serves as early warning system Consultancy contracts in place as a backstop 	2	2	4	G

Appendix 2 – Cambridgeshire Pension Fund Risk Register

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
23	Investment decisions and portfolio management may not maximise returns or be performed in accordance with instructions provided	3	2	6	G	<ul style="list-style-type: none"> The Fund is compliant with Investment regulations and best practice guidance. The Fund appoints professional investment advisers to support the Pension Committees investment decisions The Funds asset allocation is considered by the Actuary when undertaking the triennial valuation. Investment performance is closely monitored, in particular the Investment Sub Committee receives quarterly performance reports provided by recognised industry professionals highlighting key issues. 	3	1	3	G
24	Adequate controls are not in place for the production of accounts, notices, publications and management reports.	3	2	6	G	<ul style="list-style-type: none"> Automated extraction of data where viable and agreed procedures for reporting. Robust authorisation protocols in place. Internal and External audit reviews. 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. Membership year end reconciliation and investigate variations from the accounting valuations. Management and administration are maintained in accordance with the SORP and the Financial Regulations. Data Improvement Policy and Plan are in place. Anti-Fraud and Corruption Policy in place. 	3	1	3	G

Appendix 2 – Cambridgeshire Pension Fund Risk Register

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
25	A Data Improvement Policy and Plan are not in place and not adhered to.	3	3	9	A	<ul style="list-style-type: none"> The Data Improvement Policy and Plan are in place. The Data Improvement Policy and Plan are reviewed at least annually and material amendments approved by the Pensions Committee. The Local Pension Board have oversight of policy reviews. The Pension Committee and Local Pension Board receive updates against the plan quarterly. 	3	1	3	G

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 15 February 2019

Report by: Head of Pensions

Subject:	Internal Dispute Resolution Procedure (IDRP)
Purpose of the Report	To present an outline of the working of the Internal Dispute Resolution Procedure to the Pension Board.
Recommendations	The Pension Board are asked to note the Internal Dispute Resolution Procedure Report
Enquiries to:	Michelle Oakensen – LGSS Pensions Governance Officer moakensen@northamptonshire.gov.uk

1. Background

- 1.1 Members, prospective members, and beneficiaries may not always agree with pension decisions that are made, or may be unhappy that decisions have not been made, by either an administering authority or a scheme employer. The Internal Dispute Resolution Procedure is the route by which they may raise their concerns and challenge such decisions.
- 1.2 An appropriate administering authority is required to make decisions on questions concerning:
- A person's previous service or employment;
 - The crediting of additional pension following the payment of additional pension contributions; and
 - The amount of any benefit, or return of contributions, a person is or may become entitled to out of the pension fund.
- 1.3 Questions concerning any other matter relating to the person's rights or liabilities under the Scheme are decided by the relevant scheme employer. Examples of such matters are:
- Entry to the scheme;
 - Early payment of retirement benefits on ill health grounds;
 - The Tier of benefits awarded on ill health retirement from active membership;
 - The exercise of discretions regarding:
 - the pension contribution banding that applies;
 - the granting of flexible retirement; and
 - the extension of certain time limits.

2. The Pensions Regulator Governance and Administration Survey Results

- 2.1 As part of the survey, public service pension schemes were asked to disclose the number of complaints they had received in the past 12 months. Overall, an estimated 12,753 complaints were made to public service schemes equating to 0.08% of all memberships. Local government was proportionally least likely to generate complaints, having 37% of all public service scheme membership but 17% of the complaints, with these equating to 0.03% as a percentage of scheme membership.
- 2.2 On average across all public service pension schemes, 44% of complaints entered the internal dispute resolution process; Local Government was just below this average at 41%. In terms of the types of complaints received, overall the most commonly mentioned reasons were ill health eligibility disputes (40%), incorrect estimates of benefits (31%) and slow or ineffective communication (30%); the most commonly mentioned type of complaint for Local Government by some margin was eligibility for ill health benefits (60%) followed by delays to benefit payments (33%) and delay or refusal of pension transfer (31%).

3. The Internal Dispute Resolution Procedure (IDRP)

- 3.1. A person who disagrees with a pension decision made, or an act or omission, by an administering authority or a scheme employer and whose rights or liabilities under the Local Government Pension Scheme are affected, may make an application under the IDRP. The IDRP has four stages as detailed in appendix 1 of this report.

First formal stage

- 3.2 A first formal stage application must normally be made within 6 months of the date the 'first instance' decision was notified to the person, or of the act or omission which is the cause of the disagreement. The adjudicator may extend the time for making such an application.
- 3.3 The member should receive a full written response within 2 months of their application being received, or an interim response at the end of this period telling them the reason for the delay and providing an expected decision date.
- 3.4 When the decision has been reached the outcome in terms of the pension decision will be:
- The adjudicator has upheld the original decision and that decision will continue to apply; or
 - The adjudicator has decided part or all of the original decision is incorrect, or requires reconsideration, and has either:
 - amended the decision, or
 - where the dispute concerned the exercise of a discretion, referred the matter back for reconsideration of the 'first instance' decision.

Second formal stage

- 3.5 A second formal stage application must be made:
- within 6 months of the date the first formal stage decision was received, or
 - where an interim response was issued, but no decision has been received, within 7 months of the expected decision date, or
 - in a case where no interim response has been received, within 9 months of making the first formal stage application.

- 3.6 Second formal stage applications are made to the LGSS Head of Pensions, who acknowledges the application, gathers appropriate details and forwards to the appropriately independent person who will consider the application carefully and make the administering authority's decision on the matter.
- 3.7 The decision will be given in writing and the outcome in terms of the pension decision will be:
- The administering authority has upheld the original decision and that decision will apply; or
 - The administering authority has decided part or all of the original decision is incorrect, or requires reconsideration, and has either:
 - amended the decision; or
 - where the dispute concerned the exercise of a discretion, referred the matter back for reconsideration of the 'first instance' decision.

Referral to the Pensions Ombudsman

- 3.8 An application to The Pensions Ombudsman (TPO) may be made within 3 years of the date of the original 'first instance' decision which is being disputed or of when they first became aware of the problem.
- 3.9 TPO solely deals with pension complaints about the administration and/or management of personal or occupational pension schemes. It deals with these fairly, impartially, and for free. There is no financial limit on the amount of money that TPO can make a party award to a complainant. Its determinations are legally binding on all the parties and enforceable in court, being subject only to further appeal made to the High Court on a point of law.

4. Examples of Employer and Administering Authority disputes.

4.1 Ill Health Retirement (Employer)

- 4.1.1 A member was considered for ill health retirement benefits from active membership by the scheme employer whilst in employment. Based on the opinion of an Independent Registered Medical Practitioner approved by the administering authority (IRMP) the employer determined that the criteria for the award of such benefits were not met and their pension decision was that a deferred pension be awarded, however the employment decision based on occupational health advice was still to terminate the member's employment on ill health grounds.
- 4.1.2 The member submitted a formal first stage IDR application and this was considered by the adjudicator appointed by the scheme employer. The result of this application was the scheme employer seeking the opinion of a further IRMP and, based upon this, they determined that the criteria for the award of ill health retirement benefits from active membership were met, as were the criteria for Tier 2 benefits, and their pension decision was that Tier 2 benefits be awarded.
- 4.1.3 The member was dissatisfied with this decision, considered that they met the criteria for Tier 1 benefits which are greater than Tier 2 benefits, and submitted a formal stage 2 application.
- 4.1.4 The administering authority reconsideration of the earlier decisions made by the scheme employer identified that there were issues with a lack of clarity in terminology used within the latest IRMP's narrative report submitted in support of the Pension Fund's standard ill health certificate (IHCERTA1) completed by the IRMP and an inconsistency between two particular boxes ticked. These were summarised in the decision as follows:

- The IRMP refers to what is “possible” rather than what is likely on the balance of probabilities;
- The IRMP refers to “work” rather than “gainful employment” ;
- The IRMP refers to your 65th birthday when the criteria should be by reference to the date they attain their normal pension age, which in this members case is 67th birthday;
- The IRMP ticked Box B6* and C1** which contradict each other *.

*B6 – the member “is unlikely to be capable of undertaking any gainful employment within the next three years but is likely to be capable of undertaking gainful employment at some time thereafter and before his/her normal pension age”.

**C1 – the member “is unable to continue in his/her current job and is unlikely to be capable of taking on any other paid work in any capacity otherwise than to an insignificant extent, before his/her State Pension Age”.

4.1.5 The complaint was therefore upheld and, as the matter of which Tier of ill health benefits applies is one for employer discretion, the scheme employer was directed to obtain the opinion of a further IRMP on all relevant questions required in order to assess entitlement to an ill health pension and the appropriate Tier of benefit and reconsider their pension decision afresh.

4.1.6 Having sought the further opinion, the scheme employer decision remained that a Tier 2 benefit was appropriate. It is understood that the member has since referred their complaint to TPO and the outcome is awaited.

4.2 **Overpayment of Pension following a system error (Administering Authority)**

4.2.1 A pension overpayment was identified during a routine annual process (comparison of pension input against standard annual allowance) for the year in which the member retired. The cause of the overstatement of annual pension was traced back to a pension administration system issue that was introduced during an upgrade.

4.2.2 The member was dissatisfied that an overpayment had occurred and that there should have been extra vigilance at the time of a system change. The member was also unhappy about the communication surrounding the reduction in her ongoing pension payments, the recovery of the overpayment including the method proposed and the time it took to discover the overpayment.

4.2.3 The member submitted a formal first stage IDR application and the adjudicator, LGSS Head of Pensions, concluded the following –

- The Head of Pensions apologised for the error, but noted that the benefits actually due under the terms of the scheme are what should be paid and that an individual should not benefit as a result of an error
- Given the cause was a pension administration system error the Head of Pensions considers that it was identified and dealt with in a reasonable timescale and does not constitute maladministration;
- The reduction in the rate of pension payable within the month the issue was identified, the notification of this and recovery method proposed in both the letter of 4 August 2017, and that of 24 August 2017, were all within the terms of the Pension Fund’s overpayment of pension policy; the only issue being that you, for whatever reason, did not appear to have received the original letter of 4 August 2017;

- The Head of Pensions rejects the assertion that the member accepted the award in good faith when all of the information prior to that award indicated the annual pension would be around £6,000; this discrepancy was sufficient to conclude that it would have been reasonable to expect the member to have identified this as a potential issue and raised this with the administrators.

4.2.4 Based on the points above the adjudicator's decision was that the complaint was not upheld.

4.2.5 The member was dissatisfied with this decision and submitted a formal stage 2 application which was considered by the administering authority and the decision remained that the complaint was not upheld.

4.2.6 The member has since referred her complaint to TPO and the outcome is awaited.

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 Management

7.1 The Pension Committee and Local Pension Board are expected to have an awareness of how the fund is operated and maintain knowledge surrounding processes of when and how the Fund deals with complaints and appeals against decisions by the scheme employer and the administering authority. Details of complaints and appeals are reported in the Annual Report which accompanies the Statement of Accounts which requires Pension Committee approval.

7.2 The risks associated with Pension Committee and Pension Board members not having the required level of awareness and knowledge of the Internal Dispute Resolution Procedure have been captured in the Fund's risk register as detailed below.

Risk register	Risk mitigated	Residual risk
Governance (risk 1)	Failure to administer the scheme in line with regulations and policies.	Amber
Governance (risk 2)	Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively.	Amber
Governance (risk 4)	Policies and Strategies not being in place and up to date.	Green
Governance (risk 12)	Changes to the LGPS and lack of expertise in the new/revised area	Green
Governance (risk 18)	Failure to provide adequate information to the Pension Committee/Pension Board	Green

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

8. Communication Implications

Direct Communications	The Annual Report and Statement of Accounts is published on the LGSS Pensions website.
------------------------------	--

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 – The Internal Dispute Resolution Procedure

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 30/1/2019

Appendix 1 – The Internal Dispute Resolution Procedure

Stage	Scheme employer dispute	Administering authority dispute
Informal stage	<p>The person contacts whoever notified them of the decision for information on how and why the decision was arrived at. This allows decisions to be explained and understood, as well as the correction of errors caused by mistakes, misunderstandings, incorrect information and system issues.</p>	
First formal stage	<p>If the person remains dissatisfied after the informal stage, a formal application for adjudication of the disagreement can be made. An adjudicator appointed by the scheme employer makes decisions on such applications.</p>	<p>If the person remains dissatisfied after the informal stage, a formal application for adjudication of the disagreement can be made. The adjudicator appointed by the administering authority makes decisions on such applications; for the Cambridgeshire Pension Fund this is the LGSS Head of Pensions. In practical terms, they are unlikely to have been involved in the original decision, however there is nothing to prevent them undertaking this role even if they were.</p>
Second formal stage	<p>If the person remains dissatisfied after the conclusion of the first formal stage, or has not received a decision from the adjudicator within the specified timeframe, a formal application for reconsideration of the matter by the administering authority can be made. Cambridgeshire County Council as the administering authority must have such an application considered, and a decision made in relation to it, by someone who was not involved in the making of either the original 'first instance' decision or a decision at the first formal stage.</p>	
Referral to The Pensions Ombudsman	<p>If the person remains dissatisfied after the conclusion of the second formal stage, or has not received a decision on their application within the specified timeframe, a formal application to The Pensions Ombudsman can be made. Such applications will only be considered once a dispute has been through both formal stages of the IDRP.</p>	

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

Date: 15 February 2019

Report by: Head of Pensions

Subject:	Cambridgeshire Local Pension Board Effectiveness Review
Purpose of the Report	To present the Cambridgeshire Local Pension Board Effectiveness Review to the Board.
Recommendations	The Pension Board are asked to review the report.
Enquiries to:	Joanne Walton, Governance and Regulations Manager, jwalton@northamptonshire.gov.uk

1. Background

- 1.1 The need to regularly review the effectiveness of the Cambridgeshire Local Pension Board is considered good governance and in addition to the annual self-review, Aon were commissioned to conduct an impartial review.
- 1.2 The purpose of the review is to establish whether, based on Aon’s observations, the Local Pension Board is fulfilling its role to support the respective Administering Authority in meeting its regulatory requirements and to deliver on its requirements as laid out in the Public Service Pensions Act 2013.
- 1.3 The review was conducted at the meeting held on 19 October 2018 and the detailed findings can be found in appendix one.

2. Assessment

- 2.1 There were 16 key areas that were reviewed by Aon to determine the effectiveness of the Local Pension Board under the categories of governance structure, knowledge and skills and behaviour. The findings have been summarised in the tables overleaf.

Governance Structure	Assessment
Clear terms of reference and clearly documented scheme of delegation	Neutral
The structure allows decision making at the appropriate level and quick decision making where appropriate	Neutral
Includes appropriate representation of stakeholders	Positive
Receives well-presented information/reports	Positive/Neutral
A proper range of subject matter is being considered by the Board	Positive/Neutral
Sufficient time for discussion	Positive
Managing actual and potential conflicts of interest	Positive
Transparency to stakeholders	Positive

Knowledge and Skills	Assessment
Clearly articulated knowledge and skills in line with Fund Policy	Positive/Neutral
Identify and provide ongoing training in an effective and suitable manner to meet requirements	Neutral
Rely appropriately on officers and advisors to provide expert knowledge	Positive

Behaviour	Assessment
High level of attendance at meetings	Positive
Demonstrate integrity in relation to their Fund role/general behaviour	Positive
Be engaged and provide appropriate challenge	Positive/Neutral
Highlight any potential conflicts they may have	Positive
For the Chairperson to manage the meetings fairly without any bias to individuals or self and prepare adequately for meetings	Positive

3. Recommendations

3.1 The following areas have been recommended by Aon as requiring improvement. The detail of these recommendations can be found in appendix one.

- Scheme of Delegation
- Link between the Pension Committee and Pension Board
- Key Performance Indicators
- Reviewing Breaches
- Demonstrating Training taking place
- Training discussions
- Board member questions/challenge

4. Next Steps

4.1 The Local Pension Board are asked to review the report and engage in discussion to determine a plan of action to address the recommendations made. A further report will be presented to the Board with the plan formalised.

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 Any further financial and resource implications as a result of this report will be set out on the Annual Business Plan and Medium Term Strategy 2019/20.

7. Risk Management

- 71 The Local Pension Board are expected to have an awareness of how the Fund is operated and maintain appropriate skills and knowledge.
- 7.2 The risks associated with Local Pension Board members not having the required level of awareness and knowledge have been captured in the Fund's risk register as detailed below.

Risk register	Risk mitigated	Residual risk
Governance (risk 1)	Failure to administer the scheme in line with regulations and policies.	Amber
Governance (risk 2)	Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively.	Amber
Governance (risk 4)	Policies and Strategies not being in place and up to date.	Green
Governance (risk 12)	Changes to the LGPS and lack of expertise in the new/revised area	Green
Governance (risk 18)	Failure to provide adequate information to the Pension Committee/Pension Board	Green

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

8. Communication Implications

Direct Communications	The review will be published by Democratic Services on the Cambridgeshire County Council website.
------------------------------	---

9. Legal Implications

9.1 Not applicable

10. Consultation with Key Advisers

10.1 Aon, the Fund's Governance Advisers were commissioned to undertake this review.

11. Alternative Options Considered

11.1 Not applicable

12. Background Papers

12.1 Not applicable

13. Appendices

13.1 Appendix 1 - Cambridgeshire Local Pension Board Effectiveness Review

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 30/1/2019



Cambridgeshire Local Pension Board Effectiveness Review

Prepared for Jo Walton, Governance and Regulations Manager

Prepared by Mary Lambe and Catherine Pearce, Senior Public Sector Benefits and Governance Consultants

Date 28 January 2019

Copyright © 2019 Aon Hewitt Limited. All rights reserved.
aon.com

Aon Hewitt Limited is authorised and regulated by the Financial Conduct Authority.
Registered in England & Wales No. 4396810

Registered office:

The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN

This report and any enclosures or attachments are prepared on the understanding that it is solely for the benefit of the addressee(s). Unless we provide express prior written consent no part of this report should be reproduced, distributed or communicated to anyone else and, in providing this report, we do not accept or assume any responsibility for any other purpose or to anyone other than the addressee(s) of this report.

Executive Summary

We have been asked by LGSS Pensions (the pensions administration service for the Northamptonshire Pension Fund and the Cambridgeshire Pension Fund), to undertake an effectiveness review of the Local Pension Board of Cambridgeshire Pension Fund. The Cambridgeshire Pension Fund is part of the national Local Government Pension Scheme (LGPS) in England and Wales.

The purpose of the review is to comment on whether, based on our observations, the Local Pension Board is fulfilling its role to support the Administering Authority in meeting their regulatory requirements, as well as the administering authority's own internal aims and objectives. In addition, it is assessing whether the Board is adding value over and above the remit of the Pensions Committee while working in partnership with them.

We have drawn on experience from similar reviews with other LGPS funds which enables us to use our understanding of best practice when determining our recommendations. We have also compared the activity of the Board against the relevant areas of the Aon's governance framework. The report assesses the Cambridgeshire Pension Board against the following three areas:

- The appropriate governance structure
- Knowledge and skills requirements
- Behaviour of the Board

The main research for this report was undertaken through observation at the Cambridgeshire Local Pension Board on 19 October 2018 and a review of available agenda and papers for the meeting.

The Cambridgeshire Local Pension Board undertakes its role and responsibilities in an effective manner. The members of the Board are engaged and overall show good participation. We have noted 7 recommendations for the Cambridgeshire Local Pension Board and have put forward suggestions to improve the effectiveness of the Board to assist them in undertaking their roles and responsibilities. We have also noted that there is an excellent level of detail provided to the Board and it works in a transparent way with information about its activities available publicly.

We also identified some areas which we believe could be improved, and we therefore made some recommendations, which could be categorised as practical items such as the process for decisions made at Board meetings and documentation setting out its terms of reference. There are areas of activity which could also be undertaken by the Board including reviewing breaches and stronger links to the decision making Pensions Committee. Finally, there are some recommendations regarding training and considering how best to have discussions about training requirements as well as how to more clearly document and share training that has been undertaken.

Next Steps

We understand this report will be considered by officers of LGSS and the Pension Board at their next meeting on 15 February 2019. We look forward to answering any questions and discussing the conclusions with officers and the Board. We recommend that an action plan is developed in relation to implementing these recommendations, in order that progress can be monitored on an ongoing basis.

Cambridgeshire Local Pension Board Effectiveness Review

Table of Contents

1. Introduction	4
2. Governance Framework	6
3. Local Pensions Boards	10
4. Assessing the Board against an appropriate governance structure	12
5. Assessing the Knowledge and Skills of the Board	17
6. Behaviour of the Board	19
7. Summary of recommendations	22
Appendix A – Reference Material	23

1. Introduction

Purpose and scope

This report sets out the findings of Aon's effectiveness review of the Local Pension Board the Cambridgeshire Pension Fund. The Fund is administered by LGSS who commissioned the report. Cambridgeshire County Council is the Administering Authority for the Cambridgeshire Pension Fund and is part of the Local Government Pension Scheme (LGPS). The Pension Board has been in place since July 2015.

The purpose of the review is to comment on whether, based on our observations, the Local Pension Board are fulfilling their role to support the Administering Authority in meeting their regulatory requirements, as well as their administering authority's own internal aims and objectives. In addition, it is assessing whether the Board is adding value over and above the remit of the Pensions Committee while working in partnership with them.

In undertaking this review Aon drew on experience from similar reviews with other LGPS funds which enables us to use our understanding of best practice when determining our recommendations. We have considered the requirements of the Pensions Regulator as set out in their Code of Practice 14: Governance and Administration of Public Service Pension Schemes. We have also compared the activity of the Board against the relevant areas of Aon's governance framework. The Aon governance framework is explained further in the next section of this report. The report assesses the Cambridgeshire Pension Board against the following three areas:

- The appropriate governance structure;
- Knowledge and skills requirements;
- Behaviour of the Board

The report structure mirrors those three areas and details findings and recommendations for the Cambridgeshire Pension Board.

The review has been carried out at a high level and did not involve any detailed investigation into services such as administration, communications, funding or investments or the decision-making Pension Committee of the Administering Authority. Accordingly, it does not provide any technical comment in relation to any of these areas. The review does include consideration, at a high level, of the legal requirements relating to governance, for example, the requirement to publish certain policies and strategies under LGPS legislation. Though it includes some legal elements, these are presented by us in our capacity as pension consultants and not as legal experts, and as such, nothing in this report should be considered as legal advice.

Research and information

The information upon which this review has been based has been gathered by:

- Desk-top review of the terms of reference for the Cambridgeshire Pension Board and relevant governance policies relating to the Fund.
- Observations made by Catherine Pearce and Mary Lambe from attending the Cambridgeshire Local Pension Board on 19 October 2018 and a review of available agenda and papers for the meetings.

We would like to thank the LGSS officers and the members of the Pension Board for their assistance throughout this review. It has been a pleasure working with them.

We hope the information contained within this report is useful to the Pension Board, Pension Committee and LGSS officers in considering suggestions for improving the way the Board operate.

We look forward to answering any questions in relation to the report, and particularly any areas where we have highlighted that improvements could be made.

We recommend that an action plan is developed in relation to implementing these recommendations in order that progress can be monitored on an ongoing basis.

2. Governance Framework

This section describes Aon's best practice framework. Relevant parts of this framework have been used in the effectiveness review of the Board.

There are some key benefits from having effective governance in place, including:

- Robust risk management that can assist in preventing issues from arising, or at least reducing their impact should they arise
- Ensuring resources and time are appropriately focussed
- Timely decision making and implementation of change
- A clear view of how the Fund is being operated and making use of the Pension Board.

At Aon, we have a number of beliefs when it comes to achieving good governance including:

- Direction – having clear strategies and policies that also meet legislative requirements is fundamental
- Delivery – having a clear plan for implementing the Fund's strategies and policies, together with appropriate monitoring as to whether they are being achieved, and good risk management ensure effective and efficient delivery
- Decisions – having an appropriate governance structure, involving the right people, with the right attitude and the appropriate skills and knowledge is key.

These beliefs are shown in the following diagram and described in more detail below.



Table 1 – Aon governance framework

Direction – What are you trying to achieve?	
Legislation and guidance	The Fund's strategies and policies should be in line with legislative requirements and any related professional guidance.
Strategies and policies	<p>The Fund's strategies and policies should clearly set out the aims, principles, protocols and environment for how the Fund is managed. The strategies and policies:</p> <ul style="list-style-type: none"> ▪ should be wide ranging covering all key areas including funding, investments, administration, communications and governance itself ▪ should be clearly articulated, to provide a framework within which those managing the Fund are able to operate ▪ should provide the focus for all future decisions and plans ▪ should be agreed by those responsible for governing the Fund.
Delivery – How do you meet your aims?	
Business Planning	<p>The Fund should have a business plan, setting out required activities in the forthcoming period. Those activities:</p> <ul style="list-style-type: none"> ▪ should be driven by the Fund's strategies and policies ▪ will include activities driven by changes in overriding legislation.
Performance Measurement	<p>Those responsible for governing the Fund should be provided with appropriate performance information. Measurements should:</p> <ul style="list-style-type: none"> ▪ illustrate whether the Fund's aims are being achieved ▪ cover the full range of key areas (e.g. investments, funding, governance, communications and administration) ▪ illustrate whether the Fund's business plan is being achieved ▪ be updated in accordance with appropriate timescales ▪ be presented in a manner that is easy to follow and understandable to those governing the Fund ▪ assist in identifying changes to the Fund's business plan, strategies, policies and aims.
Risk Management	<p>Effective risk management is critical to minimise the impact and/or probability of unfortunate events and to maximise the realisation of opportunities. It should be:</p> <ul style="list-style-type: none"> ▪ aligned with the Fund's aims ▪ a key consideration in decision making ▪ systematic or structured ▪ an integral part of the Administering Authority's processes and procedures on a daily basis.




Decisions – Do you have effective decision making?

<p>Governance structure</p>	<p>There is no one 'correct' governance structure. The Administering Authority's structure should:</p> <ul style="list-style-type: none"> ▪ have clear terms of reference ▪ have a clearly documented scheme of delegation ▪ allow decision making at the appropriate level ▪ allow quick decision making where appropriate ▪ include appropriate representation from stakeholders ▪ involve well-presented information/reports ▪ ensure the full range of subject matters are being considered ▪ allow sufficient time for discussion where necessary ▪ have good quality (committee and board) administration (e.g. issuing papers in good time) ▪ involve a process for managing conflicts ▪ provide transparency to stakeholders where appropriate.
<p>Behaviour</p>	<p>A good governance structure will not be effective unless it involves the right people with the right attitude. Individuals should:</p> <ul style="list-style-type: none"> ▪ have a high level of attendance at meetings ▪ demonstrate integrity in relation to their Fund role ▪ be engaged and provide appropriate challenge ▪ be accountable for the decisions made ▪ highlight any potential conflicts they may have ▪ for a Chairperson, manage the meetings fairly without any bias to individuals or self ▪ prepare adequately for meetings.
<p>Skills and knowledge</p>	<p>A critical element is the need for those managing the Fund to have the appropriate level of knowledge and skills. Administering Authorities should:</p> <ul style="list-style-type: none"> ▪ clearly articulate the knowledge and skills requirements in a Fund policy ▪ provide ongoing training in an effective and suitable manner to meet those requirements ▪ regularly review whether knowledge aspirations are being met ▪ ensure they rely appropriately on officers and advisers to provide expert knowledge.

The report assesses the Board against the decisions part of Aon's governance framework under the areas of:

- The appropriate governance structure;
- Knowledge and skills requirements, and
- Behaviour of the Board

We include comments which we hope are useful to the Board, LGSS officers and the Administering Authority of the Fund, in highlighting areas of good practice but also identifying areas for potential improvement in the way the Board operates. To provide some greater clarity on the intention of our comments, we have included graphics to illustrate whether they are:

-  positive – meets legal requirements, national guidance and good practice.
-  negative – requires improvement as it does not meet legal requirements or practices we consider key to good governance.
-  neutral – meets legal practice, in the main, but could be improved to meet good practice or national guidance.

3. Local Pensions Boards

In this section we briefly consider the introduction of Local Pensions Boards, their roles and responsibilities and the role of the Pensions Regulator in the LGPS.

Introduction of Local Pensions Boards

Local Pensions Boards were introduced to the LGPS from 1 April 2015 following the introduction of the Public Service Pension Schemes Act 2013 which heralded a new framework for governance and administration of public service pension schemes as well as bringing those schemes under the jurisdiction of the Pensions Regulator.

Over the past three years Local Pension Boards have developed, growing into their role to assist scheme managers (i.e. the administering authority) in relation to securing compliance with scheme regulations and other legislation relating to the governance and administration of the scheme. As with any new structure it takes time for its value to be known and understood. The value which these non-decision-making boards can make to the governance and administration of LGPS funds is now better appreciated. Acting as a critical friend, Boards are providing a support to pension committees across the LGPS.

Following a reasonable period of operation and activity now is perhaps an ideal time to review the effectiveness of the Local Pensions Board. In doing so we can aim to assess the Board's work to understand if they are adding value and if they are fulfilling the various requirements and responsibilities which they are tasked with.

Nationally it appears that Local Pension Boards do vary, from their composition and frequency of meetings, to the areas they are tasked with and how effective they are in assisting the scheme manager. In the case of the Cambridgeshire Local Pension Board there is clearly a good level of engagement and interaction at the Board. This report summarises how effective the Board is in carrying out their role and responsibilities.

Role and responsibilities of Local Pensions Board

The exact role of a Local Pension Board is not prescribed. There are two core functions as set out in legislation. The first of these is that the Board assists the Administering Authority in securing compliance with the LGPS regulations and any other legislation relevant to the governance and administration of the scheme. Some examples of areas that would fall into this function include reviewing information provided to the Pensions Committee and how decisions are made by that Committee, reviewing scheme employers and their compliance with duties, assisting with and reviewing Fund documentation required in regulations, and assisting with the development of and continually reviewing scheme member (such as Annual Benefit Statements) and employer communications as required by the Regulations and relevant legislation.

The second function is to ensure the effective and efficient governance and administration of the scheme. Examples of this are monitoring key performance indicators and targets in areas of administration, governance and investments, reviewing the Funds risk register, and assisting with the development of improved customer services.

Role and view of the Pensions Regulator

The powers of the Regulator were extended under the Public Services Pensions Schemes Act 2013 to cover some aspects of public service pension schemes, including the LGPS. The Regulator issued its Code of Practice 14: Governance and Administration of Public Service Pension Schemes which covers:

- knowledge and understanding required by Local Pensions Board members;

- conflicts of interest and representation;
- reporting breaches of the law;
- publishing information about schemes;
- internal controls;
- scheme record-keeping;
- maintaining contributions
- providing information to members; and
- internal dispute resolution.

In November 2018 the Pensions Regulator outlined in a presentation to LGPS Pensions Managers that there remains some confusion around the roles and responsibilities of Local Pension Boards. They went on to state that there are a variety of practices in how scheme managers work with their Local Pensions Board, and that scheme managers should use the valuable resource they have. They encourage Local Pension Boards to take on an active role in identifying key risk and driving forward improvements in funds.

4. Assessing the Board against an appropriate governance structure




In this section we consider the Board's effectiveness by considering the structure it operates in.



Introduction





An effective Local Pension Board should help the Administering Authority to set the Fund's direction, help the Fund meet its aims and for members of the Board to have the appropriate knowledge and skills to undertake their role. For that to happen the process must occur within a suitable governance structure. These areas are in line with the those noted in section 2 of this report, through Aon's governance framework. In this section of the report we will assess the Boards' effectiveness by considering the structure it operates in at present including:





- whether there are clear terms of reference and clearly documented scheme of delegation
- that the structure allows decision making at the appropriate level and quick decision making where appropriate
- there is appropriate representation from stakeholders
- the Board receives well-presented information/reports
- a proper range of subject matter is being considered at the Board
- there is sufficient time for discussion
- there is a process for managing conflicts
- the activity of the Board is transparent to stakeholders

In the table that follows we summarise the findings from our desk-based research and observation at the Local Pension Board meeting.

Key areas	Cambridgeshire Local Pension Board
<p>Clear terms of reference and clearly documented scheme of delegation</p>	<p> Article 9.2 of Cambridgeshire County Council's constitution is comprehensive setting out the membership, notice of meetings, chairmanship, inclusion of other members, reporting, knowledge and understanding, members' conduct, termination of membership, role of advisors, urgent items and publication of information, working groups, expenses and public access to board meetings and information.</p> <p>The Scheme of Delegation for the Board is included in the Governance Policy and Compliance Statement. A more detailed description of the areas the Board is responsible for should be considered. We recommend that examples are used in the Terms of Reference so as retain the Board's flexibility to consider all areas under their overall regulatory responsibilities. For example, we understand that a plan is in place to ensure that the Board has a greater role to play developing, monitoring and reviewing the Fund's risk register in the future. We recommend its inclusion and believe it would provide helpful clarity for the Board on part of its role noting that the Pensions Committee must regularly consider this as part of its risk management responsibility.</p> <p>A small but important point is that the quoracy requirements are not stipulated and should be included.</p>
<p>The structure allows decision making at the appropriate level and quick decision making where appropriate</p>	<p> The Board's link to the decision-making Pensions Committee is evident, noting that information shared with the Pensions Committee is made available to the Board. The link could be strengthened and made more explicit with the inclusion of an agenda item to consider the most recent Pension Committee papers directly. This would allow the Board to consider the areas being covered at each Committee meeting and identify any areas of concern or interest which should be pursued by the Board.</p>
<p>Includes appropriate representation from stakeholders</p>	<p> The Board is made up of:</p> <ul style="list-style-type: none"> ▪ Three employer representatives: two drawn from the administering authority Cambridgeshire County Council and one from a scheme employer (appointed via an open selection process) ▪ Three employee representatives (appointed via an open selection process). <p>We consider that the involvement of the wide range of stakeholders on the Board provides a good opportunity for stakeholders to feed into the governance of the Fund. The composition of the Board meets with the requirements of the LGPS regulations.</p>

Key areas	Cambridgeshire Local Pension Board
<p>Receives well-presented information/reports</p>	<p> Information provided</p> <p>An excellent level of detail is included in the papers for the Board including wider information from national exercises and cases. The explanation provided by officers at the observed meeting was clear and sufficiently detailed.</p> <p>There were some comments from Board members at the meeting regarding the information in the papers; these were minor, and we felt did not warrant concern.</p> <p> Link to Pension Committee</p> <p>The role of the Board is to act as a critical friend to the Pension Committee and officers to ensure the effective and efficient administration and governance of the scheme.</p> <p>We understand that the Board sees the same information as the Committee, but we would suggest that a more explicit acknowledgement of the information the Committee receives, and the minutes of those meetings is followed. This could be achieved by ensuring that the Board's agenda has an item which enables a review of the most recent committee papers and minutes.</p> <p>The Chair of the Board is engaged with the Committee having attended the previous meeting, but it was not evident that other members of the Board had attended the Committee, and this should be encouraged for all members of the Board.</p>

Key areas	Cambridgeshire Local Pension Board
<p>A proper range of subject matter is being considered by the Board</p>	<p> Linking issues at a strategic level and from previous Board meetings</p> <p>The Board has a helpful actions log to note progress against items from earlier meetings. There was a good discussion at the meeting about linking administration issues to the resources available, demonstrating the effective role of the Board in assisting the Scheme Manager.</p> <p>In addition, items raised were noted by the Chair as actions or areas to progress between meetings allowing for areas to be developed and then further explored by the Board at future meetings.</p>
	<p> Key Performance Indicators (KPIs)</p> <p>The statistics provided to the Board in some cases state the statutory requirement however the description provided does not outline the legal timescale. This was not interrogated by the Board.</p> <p>The legal requirements which Funds must meet could be used to inform and link to internal targets and expected overall turnaround times. The Administering Authority should measure against the Fund's specific target timescales. There are no nationally agreed LGPS timescales, but helpful benchmarking is available.</p>
	<p>We understand that LGSS are undertaking work in this area with plans in place to consider customer journey performance indicators within the next year and our recommendation would be that following that work the information supplied to the Board includes both internal service standards and statutory requirements as well as member experience information.</p>
	<p> Reviewing Breaches</p> <p>It would be expected that the Board reviews breaches. We note that at the July 2018 meeting the Board considered the changes in the Pensions Regulator Policy on reporting breaches of the law however the only breach that appears to be reported to the observed meeting is the late payment of contributions by employers. For example, one would have anticipated an update on the Annual Benefit Statement exercise at the meeting given that the deadline date passed on 31st August. We would also expect to see information about breaches of legal timescales for notifying members in various circumstances (as mentioned in the KPI section above).</p>
<p> Business Plan</p> <p>A clear and helpful Pension Fund Business Plan Update was considered by the Board. A suggestion for this activity going forward would be to consider how the business plan is presented. It could for example be presented as a three-yearly rolling plan that includes when various policies and strategies need to be reviewed.</p>	

Key areas	Cambridgeshire Local Pension Board
<p>Sufficient time for discussion</p>	<p> Meeting planning</p> <p>The meeting was well planned and ran ensuring there was adequate time to cover all agenda items thoroughly. A small point was that it was not clear what the end time of the meeting was and it would be good practice to set out the allotted time for the meeting and from that the likely time for each agenda item to ensure all Board members are aware of the time needed for each meeting – one member had to leave early which might have been avoided with a defined end time.</p> <p> Engagement of Board members</p> <p>There was the opportunity for all Board members to participate and ask questions to clarify understanding which took place across the Board.</p>
<p>Managing actual and potential conflicts of interest</p>	<p> Managing conflicts of interest</p> <p>There is a legal requirement for members of the Pensions Board not to have a conflict of interest and this is covered in the Board's terms of reference and the Board's Conflict of Interest Policy. Having reviewed the minutes of all previous meetings it has been covered in all of them.</p>
<p>Transparency to stakeholders</p>	<p> Agendas and Reports</p> <p>It is pleasing to see that Board meeting agendas and reports, and in due course minutes, are all published on the Cambridgeshire County Council website. It is also positive to note that exempt items appear to be kept to a minimum, demonstrating a culture of openness and transparency.</p>

5. Assessing the Knowledge and Skills of the Board

In this section of the report we assess the framework for knowledge and skills, how further requirements are identified, and the advice provided to the Board.





Introduction

The Public Service Pensions Act 2013 requires Pension Board members to:

- be conversant with the rules of the scheme and any document that records policy about the administration of the scheme, and
- have knowledge and understanding of the law relating to pensions and any other matters which are prescribed in regulations.

The degree of knowledge and understanding required is the level appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Pensions Board. These requirements have been incorporated and expanded on within the Pensions Regulator's Code of Practice 14.

In July 2016 CIPFA launched technical guidance for Local Pension Board members by extending the existing knowledge and skills framework. This Framework sets out the skills required to enable Pension Board members to properly exercise their functions under Section 248a of the Pensions Act 2004, as amended by the Public Service Pensions Act 2013. In this section we consider the training policy in place, the identification of training needs and the advice provided to the Board.

Key areas	Cambridgeshire Local Pension Board
<p>Clearly articulated knowledge and skills in line with Fund Policy</p>	<p> Training Policy in place</p> <p>The Fund has a Local Pension Board training strategy that was implemented in January 2017. This is being updated and a revised version was discussed by the Board at the observed meeting and is being considered by the Committee at the December 2018 meeting. The proposed strategy has been developed to incorporate the CIPFA Knowledge and Skills Framework, the requirement of the Pensions Regulator and the advice from the Scheme Advisory Board.</p> <p> Demonstrating training undertaken</p> <p>The proposed strategy noted above incorporates the requirements for training records to be in place.</p> <p>There is limited information available at present to confirm the completed attendance at training and we recommend that the training records are published going forward for openness and transparency.</p> <p>It would be helpful to ensure all new members of the Board have the opportunity to attend an induction session to complement the information received when they commence the role.</p>
<p>Identify and provide ongoing training in an effective and suitable manner to meet requirements</p>	<p> Training discussions</p> <p>The identification of training requirements was not covered in detail at the observed meeting and it could be consider in more detail by the Board. For example, it might be suitable and helpful for Board members to have a short training session on a relevant or topical issue at the start of each meeting to ensure knowledge and skills requirements of the Board are maintained. In addition, a standing item on training at Board meetings would ensure all areas falling into this category are considered on a regular basis. That could also incorporate Board members undertaking self-assessment to identify if further or repeat training is required.</p>
<p>Rely appropriately on officers and advisers to provide expert knowledge</p>	<p> Officers and advisors to the Board</p> <p>The officers providing explanation to the Board about the papers provided did so with clarity and sufficient detail to help explain often complex issues.</p>

6. Behaviour of the Board






In this section of the report we consider the behaviour of members of the Board, the level of attendance and engagement in Board activity, how conflicts are managed and the Chairs role on the Board



Introduction

A good governance structure will not be effective unless it involves the right people with the right attitude. Individuals should:

- have a high level of attendance at meetings
- demonstrate integrity in relation to their Fund role
- be engaged and provide appropriate challenge
- be accountable for the decisions made
- highlight any potential conflicts they may have
- for a Chairperson, manage the meetings fairly without any bias to individuals or self
- prepare adequately for meetings.

These elements are considered in this section and the information below derives from the review of minutes, agendas and our observations from the meeting attended on the 19 October 2018.

Key areas	Cambridgeshire Local Pension Board
<p>High level of attendance at meetings</p>	<p> Board member attendance</p> <p>There was full attendance at the observed Board meeting. It is noted that in a review of the minutes of previous meetings there has been an excellent attendance at Board meetings.</p>
<p>Demonstrate integrity in relation to their Fund role/General Behaviour</p>	<p> General Behaviour</p> <p>Overall members demonstrated respect for each other asking questions and allowing appropriate time to hear their views. Board members engaged with LGSS officers in a positive way. In addition, at the observed meeting there was a good understanding of the resource pressures on officers and this was reflected in the discussion and actions being progressed by the Board.</p>
<p>Be engaged and provide appropriate challenge</p>	<p> Board member participation</p> <p>All board members engaged in the meeting and took part in the discussions.</p> <p> Board member questions/challenge</p> <p>Overall the majority of the Board were very engaged asking probing questions about the information provided and in addition asking questions about information not provided and clearly commissioning work to help undertake their role. An example of where it could be possible to improve was the knowledge and structure of LGSS.</p> <p>The level of engagement for newer members compared to more long-term members was understandably different. We would recommend a check-in facility for those newer members during their induction to ensure they feel supported in their new role.</p> <p> Demonstrating a desire to achieve Best Practice</p> <p>The Board went beyond that which was in front of them at the time of the meeting ensuring a good link to different agenda items and also linking up items for future meetings in a proactive way.</p>

Key areas	Cambridgeshire Local Pension Board
<p>Highlight any potential conflicts they may have</p>	<p> Highlighting potential conflicts</p> <p>The legal requirements for conflict of interest (as noted above) are being met. Observing the meeting it could be seen that the stakeholder's views being represented often came to the fore in the views put forward. This is of course acceptable but Board members should continue to check that areas raised are relevant to their role as a Board member rather than putting forward any personal capacity.</p>
<p>For the Chairperson to manage the meetings fairly without any bias to individuals or self and prepare adequately for meetings</p>	<p> Chair's role</p> <p>The Chair controlled the meeting well and ensured that members had adequate opportunities to raise questions. In addition, the Chair ensured that detailed probing took place and encouraged linking up on issues (for example the data improvement discussion was brought into the discussion on risk management).</p> <p>It may be helpful for the Chair of the Board to engage with officers ahead of each meeting to consider the agenda items and ensure areas are progressed in line with the Board's requirements from earlier meetings</p>

7. Summary of recommendations

In this section of the report we summarise the recommendations made to the Board as outlined in sections 4-6 above.

Introduction

The Cambridgeshire Local Pension Board undertakes its roles and responsibilities in an effective manner. The members of the Board are engaged and overall show good participation.

We have noted 7 recommendations which are summarised below. These suggestions are put forward to improve the effectiveness of the Board to assist it in undertaking its role and responsibilities.

Recommendations

- **Scheme of Delegation:** A more detailed description of the areas the Board is responsible for should be considered. We recommend that examples are used in the Terms of Reference so as to retain the Board's flexibility to consider all areas under their overall regulatory responsibilities.
- **Link between the Pension Committee and Pension Board:** The link could be strengthened and made more explicit with the inclusion of an agenda item to consider the most recent Pension Committee papers directly. This would allow the Board to consider the areas being covered at each Committee meeting and identify any areas of concern or interest which should be pursued by the Board. In addition, we noted that only the Chair of the Cambridgeshire Board attended Pension Committee meetings. We believe that all Board members should be encouraged to attend the Pension Committee meetings.
- **Key Performance Indicators:** We understand that LGSS are undertaking work in this area with plans in place to consider customer journey performance indicators within the next year and we recommend that following that work information supplied to the Board includes both internal service standards and statutory requirements as well as member experience information.
- **Reviewing Breaches:** We recommend that the Board review all breaches and we would also expect to see information about breaches of legal timescales for notifying members in various circumstances.
- **Demonstrating Training taking place:** We recommend that the training records are published going forward for openness and transparency. It would also be helpful to ensure all new members of the Board have the opportunity to attend an induction session to complement the information received when they commence the role.
- **Training discussions:** It might be suitable and helpful for Board members to have a short training session on a relevant or topical issue at the start of each meeting to ensure knowledge and skills requirements of the Board are maintained. In addition, a standing item on training at Board meetings would ensure all areas falling into this category are considered on a regular basis.
- **Board member questions/challenge:** We would recommend a check-in facility for those newer members during their induction to ensure they feel supported in their new role.

Appendix A – Reference Material

This appendix lists the various documents that were considered as part of this Effectiveness Review.

Cambridgeshire County Council

- Cambridgeshire Local Pension Board Meeting agendas, reports and minutes
- The Cambridgeshire County Council Constitution and Pension Board Terms of Reference
- Annual Business Plan and Medium-Term Strategy 2018/19 to 2020/21
- Cambridgeshire Pension Fund Training Strategy 2016
- Cambridgeshire Pension Fund Training Strategy 2018 (Draft)
- Governance Compliance Statement (October 2017)

Contact Information

Mary Lambe

Senior Public Sector Benefits and Governance Consultant

+44 (0)1727 888236

mary.lambe@aon.com

Catherine Pearce

Senior Public Sector Benefits and Governance Consultant

+44 (0)117 901 3419

catherine.pearce@aon.com

About Aon

[Aon plc](#) (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

CAMBRIDGESHIRE PENSION FUND



Pension Board

Date: 15 February 2019

Report by: Head of Pensions

Subject:	Valuation of the Pension Fund
Purpose of the Report	To provide the Local Pension Board with a brief update on the Pension Fund valuation.
Recommendations	The Board are asked to note the valuation update.
Enquiries to:	Name – Cory Blöse Tel – 07990560829 E-mail – cblöse@northamptonshire.gov.uk

1. Background

- 1.1 The Local Pension Board previously asked to be kept up to date with progress on the triennial valuation of the Pension Fund. An outline valuation plan was provided at the last meeting of the Local Pension Board.
- 1.2 This report is to provide an update on progress of some of the key activities of the valuation.

2. Training

- 2.1 A training day was held for officers and members of the Pension Committee and Local Pension Board on 12 September at Wyboston Lakes. At the training sessions the Actuary covered the purpose of the valuation, basic principles and methodology, key processes and a rough timeline of events during the valuation process.
- 2.2 A valuation training seminar, focussed on issues specific to the 2019 valuation, is being held by Hymans Robertson on 21st February which officers will be attending.

3. Communication and engagement with employers

- 3.1 An initial communication was sent to employers at the end of October regarding the importance of reviewing the data we hold for their members, ahead of the valuation, and informing them that we will be asking them to carry out a data reconciliation exercise in December and January. A workshop was also held at the recent employer forum to provide information about this process, discuss the impacts of poor data and to highlight the key issues for employers to focus on, particularly, ensuring that we have been informed about all starters and leavers correctly.

Further communications about the valuation will be issues in late winter/early spring and a further employer forum will be held in May focussing entirely on the valuation.

4. Pre-valuation activities

4.1 Data Reconciliation

At the beginning of December, a data extract was sent to all employers in the Fund, following the initial communication in October. Employers have been asked to check the data for accuracy and to make any required changes using Employer Self Service. Employers have also been asked to provide positive confirmation that they have checked the data and either made corrections or that the data is correct. The deadline for completing this activity was 31 January 2019.

4.2 Employer Database and Employer Risk Register

The employer services team have worked with the actuary to update the employer database and the actuary is now in the process of preparing the employer risk register. This will help us to decide which employers we wish to focus on with the employer covenant monitoring process and help inform how we treat different groups of employers.

4.3 Analysis of key assumptions

An outline proposal for the analysis of two key assumptions: the 'discount rate', and an assumption of long term future salary increases was agreed with the actuary in December. Reports have been provided for both assumptions and officers will now consider the result with the actuary and make a recommendation to the Pension Fund Committee at their meeting in March.

4.4 The application of Hymans Robertson Asset Tracker.(HEAT) during the 2019 valuation

We are now going through the on boarding process for HEAT (In order to use HEAT for the 2019 valuation we need to provide cash flow data for all employers back to 1 April 2016. Cashflow data for the 2016/17 scheme year and the actuary is currently processing this data before we provide anything further.

4.5 Planning and Preparation

The following activities are currently at the planning stage and the Actuary is preparing proposals for officers.

- Compass modelling for large Scheduled bodies
- Proposed options for accounting for Ill-health pooling within the valuation
- Employer covenant monitoring

5. Disaggregation of employer pools

5.1 Historically, the decision was taken to form pools for two types of active employer within the Fund; a Small admitted bodies Pool and a Designating bodies pool. The employers within each pool share similar characteristics, particularly a small number of members and limited

financial resources. The purpose of these pools has been to protect these employers from large shocks such as ill health retirement and the death of an active member. Both events would create significant strain on the funding position of each individual employer. These pooling arrangements spread such shocks across all employers within each pool.

- 5.2 Since the pool was established, alternative arrangements have been put in place for managing the risk associated with ill health retirements. As a result, the appropriateness of continuing this pooling arrangement is questionable, particularly due to the cross-subsidisation inherent in such arrangements

- 5.3 We are now investigating whether or not it would be sustainable to disaggregate the pools and what an appropriate time frame for this would be. The Actuary has been asked to carry out the required modelling to determine the effect on each individual employer in the pools to aid decision making. Data has been provided to the Actuary to begin this analysis.

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. <i>(Objective no 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 no 3)</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>(Objective no 5)</i>
Ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer. <i>(Objective no 9)</i>
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund. <i>(Objective no 15)</i>

7. Finance and Resources Implications

7.1 None

8. Risk Management

8.1 The Fund carries out an actuarial valuation of all Fund members every three years. The Pension Committee and Local Pension Board are expected to be involved in this process and make informed decisions where necessary.

8.2 The risks associated with failing to be involved in the process and make required decisions have been captured in the Fund's risk register as detailed below.

Risk register	Risk mitigated	Residual risk
Governance (risk 2)	Those charged with the governance of the Fund are unable to fulfil their responsibilities effectively.	Green
Governance (risk 18)	Failure to provide adequate information to the Committee and Board.	Green
Administration and Communication (risk 33)	Failure to act upon expert advice or risk of poor advice.	Green
Administration and Communication (risk 40)	Failure to apply and demonstrate fairness in the differentiated treatment of different fund employers by reference to their own circumstances and covenant.	Green

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

9. Communication Implications

Direct Communications	Not applicable
Website	Not applicable

10. Legal Implications

10.1 Not applicable

11. Consultation with Key Advisers

11.1 Consultation with the Funds advisers was undertaken for this report.

12. Alternative Options Considered

12.1 Not applicable

13. Background Papers

13.1 Not applicable

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 30/1/2019

CAMBRIDGESHIRE PENSION FUND BOARD AGENDA PLAN	Created January 2019	AGENDA ITEM:16
--	----------------------	-----------------------

Meeting date	Agenda item	Lead officer	Deadline for draft reports	Agenda despatch date
15/2/2019	Minutes 19/10/18 and Action Log	R Sanderson/ J Walton	01/02/19	05/02/19
	Pension Committee Minutes 25/10/18 & 13/12/2018	R Sanderson/J Walton		
	Administration Report [standing item]	M Oakensen		
	Business Plan Update [standing item]	J Walton		
	Governance and Compliance Report [standing item, to include policy monitoring]	J Walton		
	Data Improvement Plan Update [standing item]	J Walton		
	Valuation Update [current standing item]	C Blose		
	Asset Pooling [current standing item]	P Tysoe		
	Risk Strategy and Risk Register (pre scrutiny)	M Oakensen		
	Internal Dispute Resolution Procedure	M Oakensen		
	Effectiveness of the Local Pension Board – AON review	J Walton		
	Agenda Plan	M Oakensen		
03/05/19	Minutes 15/02/19 and Action Log	R Sanderson	18/04/19	24/04/19
	Pension Committee Minutes 28/03/19	R Sanderson/ J Walton		

Meeting date	Agenda item	Lead officer	Deadline for draft reports	Agenda despatch date
	Annual Report	M Rowe /R Sanderson		
	Appointment of Board Members	M Rowe /R Sanderson		
	Administration Report [standing item]	M Oakensen		
	Business Plan Update [standing item]	J Walton		
	Governance and Compliance Report [standing item, to include policy monitoring]	J Walton		
	Data Improvement Plan Update [standing item]	J Walton		
	Data Policy and Plan [Standing Item]	J Walton		
	Risk Monitoring	M Oakensen		
	Valuation Update [current standing item]	C Blose		
	Asset Pooling [current standing item]	P Tysoe		
	Cambridgeshire Pension Fund Business Plan and Medium Term Strategy	M Whitby		
	Effectiveness Review – collective self-assessment	M Oakensen		
	Cyber Resilience	C Blose		
	Agenda Plan	M Oakensen		
05/07/19	Minutes 3/5/19 and Action Log	R Sanderson	21/06/19	26/06/19
	Pension Committee Minutes 13/6/19	R Sanderson/ J Walton		
	Administration Report [standing item]	M Oakensen		
	Business Plan Update [standing item]	J Walton		

Meeting date	Agenda item	Lead officer	Deadline for draft reports	Agenda despatch date
	Governance and Compliance Report [standing item, to include policy monitoring]	J Walton		
	Data Improvement Plan Update [standing item]	J Walton		
	Risk Monitoring	M Oakensen		
	Valuation Update [current standing item]	C Blose		
	Asset Pooling [current standing item]	P Tysoe		
	Dormancy Policy	J Walton		
	Underpayment Report – ARSOA	J Walton		
	Admitted bodies, Scheme Employers and Bulk Transfer Policy (pre scrutiny)	C Blose		
	Funding Strategy Statement (post scrutiny)	C Blose		
	Agenda Plan	M Oakensen		
04/10/19	Minutes 05/07/19 and Action Log	R Sanderson	20/09/19	25/09/19
	Pension Committee Minutes 25/7/19	R Sanderson/ J Walton		
	Administration Report [standing item]	M Oakensen		
	Business Plan Update [standing item]	J Walton		
	Governance and Compliance Report [standing item, to include policy monitoring]	J Walton		
	Data Improvement Plan Update [standing item]	J Walton		
	Risk Monitoring	M Oakensen		
	Valuation Update [current standing item]	C Blose		

Meeting date	Agenda item	Lead officer	Deadline for draft reports	Agenda despatch date
	Asset Pooling [current standing item]	P Tysoe		
	Funding Strategy Statement (pre scrutiny – feedback verbally to the Committee due to time constraints)	C Blose		
	Actuarial Valuation Report?	C Blose		
	Anti-Fraud and Corruption Policy (pre scrutiny)	M Oakensen		
	Pension Committee Minutes 25/7/19	R Sanderson/ J Walton		
24/1/20	Minutes 04/10/19 and Action Log	R Sanderson	13/1/20	15/01/20
	Pension Committee Minutes 10/10/19 & 12/12/19	R Sanderson/ J Walton		
	Administration Report [standing item]	M Oakensen		
	Business Plan Update [standing item]	J Walton		
	Governance and Compliance Report [standing item, to include policy monitoring]	J Walton		
	Data Improvement Plan Update [standing item]	J Walton		
	Risk Monitoring	M Oakensen		
	Valuation Update [current standing item]	C Blose		
	Asset Pooling [current standing item]	P Tysoe		
	Administration Strategy (pre scrutiny)	C Blose		
	Communication Strategy (pre scrutiny)	C Blose		
	Pension Committee Minutes 25/7/19	R Sanderson/ J Walton		
24/4/20	Minutes 24/1/20 and Action Log	R Sanderson	13/4/20	15/04/20

Meeting date	Agenda item	Lead officer	Deadline for draft reports	Agenda despatch date
	Pension Committee Minutes 19/3/20	R Sanderson/ J Walton		
	Administration Report [standing item]	M Oakensen		
	Business Plan Update [standing item]	J Walton		
	Governance and Compliance Report [standing item, to include policy monitoring]	J Walton		
	Data Improvement Plan Update [standing item]	J Walton		
	Risk Monitoring [standing item]	M Oakensen		
	Valuation Update [current standing item]	C Blose		
	Asset Pooling [current standing item]	P Tysoe		
	Governance Policy and Compliance Statement (pre scrutiny)	J Walton		
	Payment of Employee and Employer Contributions Policy (pre scrutiny)	M Oakensen		
	Agenda Plan	M Oakensen		

