

PENSION FUND COMMITTEE



Thursday, 24 March 2022

Democratic and Members' Services

Fiona McMillan
Monitoring Officer

10:00

New Shire Hall
Alconbury Weald
Huntingdon
PE28 4YE

**New Shire Hall, Alconbury Weald, Huntingdon, PE28 4YE
[Venue Address]**

AGENDA

Open to Public and Press by appointment only

- 1. Apologies for absence and declarations of interest**
Guidance on declaring interests is available at <http://tinyurl.com/ccc-conduct-code>
- 2. Public minutes of the Committee meeting held 13th December 2021 and Action Log** **5 - 16**
- 3. Petitions and Public Questions**
- 4. Administration Performance Report** **17 - 28**
- 5. Pension Fund Annual Business Plan Update report 2021-22** **29 - 50**
- 6. Pension Fund Annual Business Plan and Medium-Term Strategy 2022-23 to 2024-25** **51 - 78**
- 7. Governance and Compliance Report** **79 - 90**

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|-----|--|------------------|
| 8. | Cambridgeshire Pension Fund Anti-Fraud and Corruption Policy Review | 91 - 106 |
| 9. | Pension Fund Communications Plan 2022-23 | 107 - 114 |
| 10. | Employer Admissions and Cessations Report | 115 - 120 |
| 11. | Exclusion of Press and Public
<i>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 the financial or business affairs of any particular person (including the authority holding that information)</i> | |
| 12. | Cyber Strategy Update <ul style="list-style-type: none"> • Information relating to the financial or business affairs of any particular person (including the authority holding that information); | |
| 13. | ACCESS Update <ul style="list-style-type: none"> • Information relating to the financial or business affairs of any particular person (including the authority holding that information); | |
| 14. | Valuation of the Pension Fund <ul style="list-style-type: none"> • Information relating to the financial or business affairs of any particular person (including the authority holding that information); | |

Attending meetings and COVID-19

Meetings of the Council take place physically and are open to the public. Public access to meetings is managed in accordance with current COVID-19 regulations and therefore if you wish to attend a meeting of the Council, please contact the Committee Clerk who will be able to advise you further. Meetings are streamed to the Council's website: [Council meetings Live Web Stream - Cambridgeshire County Council](#). If you wish to speak on an item, please contact the Committee Clerk to discuss as you may be able to contribute to the meeting remotely.

The Pension Fund Committee comprises the following members:

Councillor Alison Whelan (Chair) Councillor Catherine Rae (Vice-Chair) Councillor Chris Boden Councillor Andy Coles Mr Lee Phanco Mr Matthew Pink and Mr John Walker Councillor Ian Gardener Councillor Edna Murphy Councillor Josh Schumann Councillor Alan Sharp

Clerk Name:	Dawn Cave
Clerk Telephone:	01223 699178
Clerk Email:	dawn.cave@cambridgeshire.gov.uk

Minutes of the Pension Fund Committee

Date: 13th December 2021

Time: 2:00pm – 3.25pm

Venue: New Shire Hall, Alconbury Weald

Present: County Councillors I Gardener, A Hay (substituting for Cllr J Schumann), E Murphy, C Rae (Vice-Chair), A Sharp, A Whelan (Chair); Matthew Pink (attended virtually) and John Walker

Officers: D Cave, S Heywood (attended virtually), C Blose, J Kent, M Oakensen and M Whitby

23. Apologies for absence and declarations of Interest

Apologies were presented on behalf of County Councillors J Schumann (Councillor Hay substituting), A Coles and C Boden, and Lee Phanco. Matthew Pink was attending the meeting virtually.

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

Matthew Pink declared a personal interest as both he and his wife were active members of the Local Government Pension Scheme (LGPS).

24. Public minutes of the Pension Fund Committee meeting held 30th September 2021 and Action Log

The minutes of the Pension Fund Committee meeting held on 30th September 2021 were approved as a correct record.

The Action Log was noted.

25. Petitions and Public Questions

Seven representations were considered by the Committee, and these, plus the officer response, is appended at Appendix 1.

The Chair thanked all those who had submitted representations for taking the time to present their views, which was very helpful to the Committee in understanding views. She advised that a written response would be sent to all those who had submitted public questions.

26. Administration Performance Report

The Committee considered a report which set out a number of key areas of administration performance in the period 1st August to 31st October 2021.

It was noted that during the period there had been a number of resource and system issues that had impacted performance, particularly relating to the payment of retirement benefits. The corporate network had been unavailable for a few days in August, and following changes made to the firewall, there had been intermittent responsiveness issues on the West Northamptonshire hosted pensions server until mid/late October. This had impacted on all casework teams to varying degrees.

Additionally, the retirements team has managed two vacancies over the period June to October, with associated training implications following successful recruitment, and contended with Covid sickness absences and seasonal leave. This has meant that at various points during the review period only half of the team had been available. There had also been an increase in the volume of deferred pensions coming through for payment, which had put extra pressure on the team.

The receipt of employer contributions by the statutory deadline continued to be very good, with 100% achieved in August, and all breaches in law had been resolved. Members noted cases which had gone through the Fund's Internal Dispute Resolution Procedure, and that the ongoing cases had largely been resolved. Officers were pleased to report that the Pensions Service had successfully undertaken the annual assessment required to maintain the accreditation for the Customer Service Excellence Standard.

A Member queried the red rating against all months for payment of pension benefits from deferred membership status in Appendix 1. It was confirmed that the pensions were already calculated so they were easier to process, but there was a growing volume of deferred pension requests coming through, and it was unclear at this stage if this was a temporary phenomenon or would be sustained. It was confirmed that the resourcing issue would be kept under review, and that this was a fairly new indicator. There had been a 50% increase year on year for this indicator, but it had reduced over the last month. It was confirmed that continuity of income issues were always immediately prioritised.

In response to a Member question, it was confirmed that the system issues all related to an outage to the WNC network, which lasted a few days, but had an impact in the short term, especially where there were five day turnarounds. As a result there had been a firewall issue caused by the original corporate outage which had subsequently been resolved.

With regard to employers not submitting information in time, officers confirmed that they did work with employers, but reassured the Committee that there was no material impact on scheme members. It was noted that there was also an escalation process with employers, so these issues were picked up and action taken, where appropriate.

It was unanimously resolved to note the Administration Performance report.

27. Cambridgeshire Pension Fund Annual Business Plan Update report 2021-22

The Committee considered an update to the Business Plan for the period 1st August to 31st October 2021.

Members noted:

- The investment consultancy and custodian contracts had been completed;
- The draft Business Continuity Plan had been completed and would be considered at the next meeting of the Local Pension Board;
- Work continued on the GMP rectification, and this would probably appear in next year's Business Plan too;
- McCloud had become far more complex and resource intensive than originally anticipated, as the number of contacts with scheme employers required had increased. Rectification would be carried out next year in line with other schemes in country;
- The numbers of "Undecided leavers" had regrettably increased, as this area had been under-resourced. An additional officer had been added to the Business As Usual (BAU) team, and there had been a number of vacancies in that team. This had impacted on other projects, so two further people (one per fund) were being recruited, with a view to reducing the backlog;
- With regard to the Property Review, it had been agreed with the Chair and Vice Chair to defer this to a later meeting of the Investment Sub-Committee.

In response to Member questions on the impact on staffing of the McCloud review, officers commented that it depended on what the McCloud rectification involved: if it became a detailed manual project, additional resource may be required. It was confirmed that the new BAU team member was full time, and this should be sufficient to cover the workload.

It was resolved unanimously to note the Business Plan Update to 31st October 2021.

28. Risk Monitoring Report

Members received the Risk Monitoring report which was considered by Committee twice a year. The report was also considered by the Local Pension Board, and recommendations had been made by that Board. These proposed changes to the Risk Register were detailed in the appendix.

There were a number of short term risks relating to continued impact of pandemic and administrative pressures. The report also highlighted the loss of knowledge from the Pension Fund Committee and Pension Fund Board following the elections in 2021, and stressed the need to ensure members had the required skills and knowledge to fulfil their duties. The Chair urged all Members to complete their training within the timeframe.

There was a discussion on Pension scams affecting scheme members. A Member asked what checks and balances were in place when there was a request to transfer out of the pension scheme. Officers advised that new regulations were in place that gave the Fund more control, especially in terms of preventing potentially suspicious transfers. Investigations were undertaken when there were transfer requests, especially if funds were being transferred overseas. New regulations meant that the Fund could stop a transfer if it was believed to be a scam. Committee Members were heartened to hear that there was robust protection was in place for vulnerable pensioners and future pensioners.

It was resolved unanimously to review the current risks facing the Fund.

29. Governance and Compliance Report

Members received a report on governance issues concerning the Local Government Pension Scheme (LGPS) on a national and local basis, and also details of forthcoming training events. Members were asked to contact officers if they anticipated a delay in meeting the 31/12/21 deadline on training.

It was resolved unanimously to note the content of the report.

30. Cambridgeshire Pension Fund Training Strategy Review

The Committee considered a report on the Pension Fund's Training Strategy. It was noted that the existing Training Strategy had been in place for five years, and it was felt appropriate to review the effectiveness of that Strategy. Some of the guidance had been updated to ensure that it was fit for purpose, and some information, such as the national Good Governance Review, was still awaited.

One of the most significant changes was to the system for measuring Member training and knowledge. The current credit system was, on review, was not the most effective strategy, as it was possible to have sufficient credits but not have the breadth of required knowledge. A matrix system covering CIPFA core competencies was proposed.

Members spoke favourably on the proposed approach. A number of Members indicated that they were still working through the training modules. It was noted that the Aon modules would be kept live until at least 31/03/22.

It was resolved unanimously to:

approve the Cambridgeshire Pension Fund Training Strategy.

31. Employer Admissions and Cessations report

The Committee received a report on the admission of three admission bodies, two of which were backdated, and the cessation of three bodies. In one of the exits, a deficit needed to be paid, and the body had asked for the period to be extended for that deficit.

Member noted what happened if there was a default in the agreed payment plan, and no problems were envisaged with the current case.

It was resolved unanimously to:

1. note the admission of the following admitted bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreements:
 - Caterlink
 - Compass Contract Services
 - Excellerate Services UK Limited

2. Note the cessation of the following bodies from the Cambridgeshire Pension Fund:
 - Compass Contract Services
 - Feldale Internal Drainage Board
 - VHS Cleaning Services

32. Exclusion of Press and Public

It was resolved unanimously that the press and public be excluded from the meeting on the grounds that the following items contain 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).

33. Cyber Resilience

The Committee considered an update on progress against actions arising from the Cyber Strategy, which had been agreed at the September meeting of the Committee.

It was resolved unanimously to:

- 1) Note the progress made against the action plan (appendix A).

34. ACCESS Update

The Committee considered a report on ACCESS Asset Pooling. The report summarised the discussions that had taken place at the 6th September ACCESS meeting.

It was resolved unanimously to

1. note the report;
2. approve in principle the draft ACCESS Pool Responsible Investment Guidelines.

35. Investment Strategy Statement

Members considered the final draft Investment Strategy Statement including the of the Responsible Investment (RI) policy, which reflected feedback received from the Committee and Local Pension Board, and from scheme employers and members following consultation.

It was resolved unanimously to:

1. Approve the Investment Strategy Statement for publication on the Fund's web pages;
and
2. Approve the summary of feedback from the consultation that will be published on the Fund's web pages.

Public Questions to be presented under item 3 at the Pension Fund Committee meeting on Monday 13th December.

1. Question from Cambridge City Councillor Hannah Copley:

Dear Chair (Cllr Alison Whelan) and members of this Committee can I draw to your attention the following:

- In 2020 Bath & North East Somerset Pension Fund Committee looked at climate change modelling work undertaken by the Fund as part of the 2019/20 investment strategy review leading to a series of climate change objectives and asset allocation changes
- In July 2020 Calderdale Council's Cabinet agreed requested the West Yorkshire Pension Fund disinvests from fossil fuel companies.
- In September 2020 the Cheshire Pension Fund became one of the first in the country to report on the carbon footprint of its £6 billion investment portfolio.
- From Devon County Council "The Devon Pension Fund believes climate change poses significant risks to global financial stability and could thereby create climate-related financial risks to the Fund's investments, unless action is taken to mitigate these risks."
- For the East Riding (Yorkshire) Pension Fund the Committee recognises the significance and importance of Climate Change and the Fund's Investment Strategy Statement and Responsible Investment Policy cover the extent to which social, environmental, and ethical considerations including climate change are taken into account in the selection, retention and realisation of investments.
- Glasgow has asked the pension fund committee to formally commit to ending fossil fuel investment before the city hosts the major climate change conference, COP26.
- The Greater Manchester Pension Fund "are committed to reducing the environmental impact that our investments have. We aim for all our investments to have net zero carbon emissions ... in line with the Paris agreement on climate change."
- Islington Council decided to decarbonise their Pension Fund's investments by 2022, by reducing the fund's exposure to carbon emissions and reducing the fund's equities exposure to fossil fuel reserves.
- The South Yorkshire Pensions Authority reviewed its responsible investment and climate change policies at a meeting last week, in which it set a goal to become carbon neutral ... It called on the Authority's officers to come up with an action plan within six months.
- Waltham Council's decision to divest from fossil fuels helps tackle climate emergency and create a better environment.
- NEST is a public corporation. It is accountable to Parliament through the Department for Work and Pensions and is the largest pension scheme in the UK by membership with 9 million savers. It has a Climate Change policy to decarbonise its investment portfolio. Nest's CIO: "No-one wants to save throughout their life to retire into a world devastated by climate change"

A recent Chatham House Climate Risk Assessment Report from September 2021 stated that

"The world is dangerously off track to meet the Paris Agreement goals. The risks are compounding. Without immediate action the impacts will be devastating in the coming decades". It is clear that business as usual is failing us. At every stage as individuals, communities, organisations and as members of local government we

Agenda Item 2(a)

need to be doing absolutely everything within our power to rapidly decarbonise as part of a fair transition. As a society, we are suffering from the effects of the Coronavirus pandemic whilst in the background fossil fuel companies are orchestrating a mass greenwash exercise whilst simultaneously attempting to extract as much short term profit from our planet for as long as possible. The International Energy Agency says we can't have any new oil, gas or coal development, yet fossil fuel companies are spending tiny fractions of their investing in renewables as compared to new oil and gas investments.

I cite the following three main reasons for divestment. Firstly, I put to you that divestment is a moral imperative. Secondly, I put to you that divestment promotes necessary societal and political change in the face of widespread greenwashing and lack of proportional change in behaviour from fossil fuel companies. Shareholder engagement with fossil fuel companies has not, and will not, lead to change on the scale and in the timeframe necessary. Finally, I put to you that investments in fossil fuel companies make poor financial sense. Overall, continuing to hold these investments in the fossil fuel industry is failing those alive now and future generations by not doing everything within the power of the committee to encourage the necessary social and political change both from fossil fuel companies and from wider society.

Will members of the Pension Fund Committee agree to support full divestment of the pension fund Fossil Fuel industry in order to send a strong signal to the fossil fuel industry and residents of the county of their commitment to climate action and their willingness to make a stand against the widespread greenwashing?

2. Question from Mr Jethro Gauld, Co-Chair of the East Cambridgeshire Climate Action Network:

Some of the big fossil fuel majors are recognising that the writing is on the wall for oil, coal and gas. Last year, [BP announced a £14billion asset write-down](#) acknowledging a shift towards renewable energy. There is a real risk of remaining invested in assets that will become *stranded assets*; the ownership of oil reserves that will now have to remain in the ground. [In 2015, UK local authority pension funds lost nearly £700million](#) when the market for coal collapsed. [Mark Carney, the governor of the Bank of England, issued a blunt warning in 2015](#) that investors, like pension funds faced "*potentially huge*" losses as action on climate change could make vast reserves of oil, coal and gas "*literally un-burnable*". Other companies have show how the transition to clean energy can create new business opportunities and support high skilled jobs in the process. In just over a decade, the Danish energy company [Ørsted](#) has shifted from a predominantly coal based energy business to being a world leader in renewables particularly offshore wind, creating a multi-billion dollar business in the process.

This Council has declared a climate and ecological emergency. We now know Investments in fossil fuels are not only harmful to the environment but also put the sustainable future of pensions at risk. Other pension funds such as [Oxfordshire](#) and [Cardiff](#) have already committed to fossil fuel divestment.

Will the pension fund committee commit to full divestment of the pension fund from investments with exposure to fossil fuels and set a date for this to be completed by?

3. Burwell Environmental Group endorse the comments made by the East Cambridgeshire Climate Action Network

4. Question from Ms Lara Davenport-Ray:

On November 24, the Combined Authority Board resolved to implement the recommendations of the Independent Commission on Climate. The Commission's second recommendation states that climate change assessments should be undertaken for all decisions.

The management of Combined Authority staff pensions is overseen by this committee.

Given the Combined Authority Board's resolution to reduce the creation of carbon emissions, how can continued investment in fossil fuels, on behalf of Combined Authority employees, be acceptable?

5. Question from Ms Danette O'Hara:

As a pension fund member, I find continued investment in fossil fuels both morally untenable and financially imprudent.

As has been stated to me in previous correspondence, this committee considers a general policy of engagement over blanket divestment from fossil fuels.

What actions have this board undertaken with regards to engagement? Has this committee approached every organisation they hold investments with that is directly and indirectly involved with fossil fuels and, if not, which organisations have been excluded and why?

What was the intended outcome of the actions, how has the success of this engagement been measured and, by your criteria, has it been successful?

6. Mr Stuart Middleton, Chair, Peterborough in Transition:

The financial argument to divest is becoming increasingly salient. Fossil fuel divestment is a practical, legal and responsible way for pension funds to respond to the climate crisis and address the financial risk caused by continuing to invest in stranded assets.

Nationally, at least 6 local councils, 86 universities and the UK's biggest pension fund (NEST) have all committed to divest, not to mention countless respected institutions across the globe, including the cities of San Francisco and Oslo, as well as New York State. Recent analysis found that local government pension funds had suffered a £2 billion hit to oil investments since 2017. As the value of fossil fuels continues to decline, continuing to invest public money in this failing industry is becoming financially riskier and the imperative to divest from fossil fuels is ever more urgent.

Further, in the face of extraordinary economic challenges ahead, we need to reset and create a new economy that places the health of us all above the wealth of a few. Local councils must play a part in this by moving the money they manage out of fossil fuels and into socially useful investments in the local economy.

On behalf of Peterborough in Transition I ask what steps this committee is taking to end fossil fuel investments and invest in a green and equitable recovery for Cambridgeshire and Peterborough?

7. Question from Cambridge Friends of the Earth

Given the numerous statements made by the Councils making up the Combined Authority, regarding the steps they taking to mitigate Climate Change, how can it justify maintaining investments in the fossil fuel industry?

Given the continued investment in the fossil fuel industry by the Combined Authority's Pension Fund, why should we believe any statements made by them regarding their proposed Climate Change mitigation measures?

Officer response:

The Pensions Committee are today considering a revised Responsible Investment (RI) Policy that is the culmination of over a year of deliberation and has been subject to consultation with each scheme employer in the Fund and tens of thousands of scheme members.

The proposed RI Policy is suitably ambitious, lending support to the Paris Agreement, support for a 'just transition' to a low carbon economy that ensures fair treatment for employees and communities that would otherwise bear the brunt of industrial change and includes the setting of a net zero target. The Policy would lead to significant decarbonisation of the Fund and significant improvements in climate and stewardship reporting. The Fund is taking a lead role in working alongside other Funds in the ACCESS Pool, where the majority of the Fund's assets are held, to ensure these RI ambitions can be met.

In early 2022 the Committee is expected to be finalising plans to decarbonise the Fund's portfolio. The intention is for these plans to be fully aligned to an appropriate transition pathway and to have clearly expressed carbon reduction targets as milestones.

The Committee's fiduciary responsibility means that the primary purpose of such action is to manage the climate and carbon risk within the Fund's holdings. However, the Committee believes that keeping a global temperature rise this century to well below 2°C relative to pre-industrial levels is entirely consistent with securing strong financial returns.

The Committee's approach is one of engagement over blanket divestment of any sector or region. This is entirely consistent with the Paris Agreement and a 'just transition', as even the most ambitious transition pathways require a fuel mix that includes oil and gas decades into the future.

The Fund expects each of its investment managers to appropriately manage environmental, social and governance risks alongside financial risks, and constructively engage with investee companies on any issues identified. Should these issues not be addressed satisfactorily, selling or divesting from the individual stock remains an option.

This log captures the actions from the Pension Fund Committee of the 13 December 2021 together with any carried forward items from previous meetings and updates members on the progress on compliance in delivering the necessary actions. This is the updated action log as at 14 March 2022.

Outstanding actions from 13 December 2021 meeting of the Pension Fund Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
None				

Outstanding actions from 22 July 2021 meeting of the Pension Fund Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
7.	Governance and Compliance Report	Michelle Oakensen	Whilst appreciating that the detailed guidance was not yet available, a Member asked if pension scheme members were aware yet of the changes taking place as a result of the Pension Schemes Act 2021, particularly in regard to transfers out. Officers commented that it was still early days, but they would come back to the Committee on this matter.	MHCLG have yet to make any changes to the LGPS Regulations as a result of the Pension Schemes Act 2021. The PFC will continue to be updated on this matter.

Cambridgeshire Pension Fund

Pension Fund Committee

24 March 2022

Report by: Head of Pensions

Subject Administration Performance Report

Purpose of the Report: To present the Administration Performance Report to the Pension Fund Committee

Recommendations The Pension Fund Committee are asked to note the Administration Performance Report

Enquiries to: Jo Kent, Governance and Regulations Manager
joanne.kent@westnorthants.gov.uk

1. Background

1.1 One of the core functions of the Pension Fund Committee is to ensure the effective and efficient governance and administration of the scheme. This report demonstrates a number of key areas of administration performance for consideration by the Pension Fund Committee.

2. Key Performance Indicators – Pensions Service

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

2.2 Full KPI details for the period 1 October 2021 to 31 January 2022 can be found in appendix 1.

2.3 Over the 4-month period service performance has been consistently good with all targets being met.

3. Receipt of Employee and Employer Contributions

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.

3.2 The table in appendix 2 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 January to 31 December 2021.

3.3 In October 99.2% of payments were made on time, for November 99.2% of payments were made on time and in December 99.8% of payments were made on time. The current yearly average for payments made on time is 99.5% and schedules being received on time is 99.7%.

4. Breaches of the Law

4.1 There are various laws relating to the Local Government Pension Scheme, with various individuals, including the Pension Fund Committee, having a statutory duty to report material breaches of the law to the Regulator. The Cambridgeshire Pension Fund maintains a record of both material breaches that are reported to the Pensions Regulator as well breaches that are deemed not to be of material significance and so are not reported to the Pensions Regulator.

4.2 For the period 1 October 2021 to 31 January 2022, the following breaches occurred:

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	None
Non Material Breaches	9 refund of contribution payments were paid outside of the statutory 5 year period.	No further action at this stage, it is likely that the legislation surrounding this will be amended to remove the 5 year requirement.
	4 stage 2 Internal Dispute Resolution Procedure cases were not completed within the statutory two-month time period and individuals were not issued with an extension letter as required by the LGPS Regulations. 1 stage 2 IDR case is an employer decision dispute and the remaining three are administering authority disputes (see section 5).	The stage 2 adjudicator has been informed of this breach of the law. At the time of writing this report officers were waiting for an update on how the matter would be resolved.

5. Internal Dispute Resolution Procedure

5.1 Members, prospective members, and beneficiaries may not always agree with pension decisions that are made or may be unhappy that decisions have not been made, by either an administering authority or a scheme employer. The Internal Dispute Resolution Procedure (IDRP) is the route by which they may raise their concerns and challenge such decisions.

5.2 Disputes that are upheld at stage 1 may still progress to stage two if the scheme member or their representative remains unsatisfied with the overall outcome. The outcome may not fully meet the complainant's expectations – particularly if their perception is that their financial loss was greater than any compensation awarded, or the level of non-financial injustice award was not consistent with their expectation.

5.3 The following table details that activity undertaken during the period 1 December 2021 to 31 January 2022 with regards to administering authority disputes.

Nature of dispute	Stage 1 (Head of Pensions)	Stage 2 (Cambridgeshire County Council Monitoring Officer)
Issues with membership records, providing inconsistent details and delays in response.	Upheld (2 July 2021)	Received 13 October 2021. Deadline for response 12 November 2022. See section 4.2.
Seeking reinstatement/compensation for deferred pension being transferred to an overseas pension scheme in 2015	Not upheld (2 March 2021)	Received 28 August 2021. Deadline for response extended to 12 November and 10 December 2021. See section 4.2.
Length of time to finalise early payment of benefits on ill health grounds for a terminally ill deferred member and other issues regarding payment of benefits	Partially upheld (17 August 2021).	Received 27 September 2021. Deadline for response extended to 20 December 2021. See section 4.2.
Delay in provision of deferred benefit details that may inhibit opportunity to transfer out	Response due by 20 March 2022 (outcome to be verbally updated)	
The value of the pension credit resulting from a pension sharing on divorce order is less than was previously estimated	Response due by 16 April 2022.	

5.4 The following table details that activity undertaken during the period 1 December 2021 to 31 January 2022 with regards to a stage two employing authority disputes.

Nature of dispute	Stage 1 (Scheme Employer Adjudicator)	Stage 2 (Cambridgeshire County Council Monitoring Officer)
Employer requested member to pay missing employee contributions that arose due to a payroll system error	Not upheld (27 July 2021)	Received 1 August 2021. Deadline for response extended to 26 November and 20 December 2021. See section 4.2.

6. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. *Objective 1*

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

Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. *Objective 3*

Continually monitor and measure clearly articulated objectives through business planning *Objective 4*

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

Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. *Objective 8*

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

7. Risk Management

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

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

Risk	Residual risk rating
Information may not be provided to stakeholders as required.	Green
Those charged with governance are unable to fulfil their responsibilities effectively	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

7.3 The Fund's risk register can be found on the Pensions website: [Cambridgeshire Pension Fund Risk Register](#).

8. 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.

Employers of the Fund are guided through the admission process and directly kept up to date with requirements and progress.

Members who enter the Internal Dispute Resolution Procedure are kept informed of progress within the statutory timescales.

9. Finance & Resources Implications

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

10. Legal Implications

10.1 Legal advice was sought from the Fund's advisors in relation to the Internal Dispute Resolution Procedure as referenced in section 4.2.

11. Consultation with Key Advisers

11.1 Consultation with the Fund's advisors was not required for this report.

12. Alternative Options Considered

12.1 Not applicable

13. Background Papers

13.1 Not applicable

14. Appendices

14.1 Appendix 1 Key Performance Indicators – Pensions Service

14.2 Appendix 2 Receipt of Employee and Employer Contributions

14.3 Appendix 3 Late payment of employer contributions (**exempt**)

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer?

Sarah Heywood – 14/3/2022

Has this report been cleared by Head of Pensions?

Mark Whitby – 23/2/2022

Has the Chair of the Pension Committee been consulted?

Councillor Whelan – 11/3/2022

Has this report been cleared by Legal Services?
Fiona McMillan – 2/3/2022

Appendix 1 - Key Performance Indicators – Pensions Service October, November & December 2021, January 2022

Function/Task	Indicator	Target	Month	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%	October	127	118	9	93	Green	SLA target met
			November	156	141	15	90	Green	SLA target met
			December	163	159	4	98	Green	SLA target met
			January	156	150	6	96	Green	SLA target met
Payment of retirement benefits from active employment	Notify employees retiring from active membership of benefits award, from date payable or date of receiving all necessary information if later within 5 working days.	95%	October	49	48	1	98	Green	SLA target met
			November	57	57	0	100	Green	SLA target met
			December	41	39	2	95	Green	SLA target met
			January	44	44	0	100	Green	SLA target met
Payment of pension benefits from deferred membership status	Notify members retiring from deferred membership status of benefits award, from date payable or date of receiving all necessary information if later within 10 working days.	90%	October	48	43	5	90	Green	SLA target met
			November	81	74	7	91	Green	SLA target met
			December	70	69	1	99	Green	SLA target met
			January	57	52	5	91	Green	SLA target met
Award dependant benefits – Statutory	Issue award within 5 working days of receiving all necessary information.	95%	October	24	24	0	100	Green	SLA target met
			November	23	23	0	100	Green	SLA target met
			December	18	18	0	100	Green	SLA target met
			January	29	29	0	100	Green	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%	October	41	41	0	100	Green	SLA target met
			November	50	46	4	92	Green	SLA target met
			December	41	41	0	100	Green	SLA target met
			January	41	40	1	98	Green	SLA target met

Provide transfer-in quote to scheme member – Statutory	Letter issued within 10 working days of receipt of all appropriate information.	95%	October	32	32	0	100	Green	SLA target met
			November	65	65	0	100	Green	SLA target met
			December	29	28	1	97	Green	SLA target met
			January	19	19	0	100	Green	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%	October	13	13	0	100	Green	SLA target met
			November	36	36	0	100	Green	SLA target met
			December	33	33	0	100	Green	SLA target met
			January	29	27	2	93	Green	SLA target met

Green: Equal to or above Service Level Agreement (SLA) target.

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

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

Appendix 2 - 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
January 2021	100	0	100	0
February 2021	100	0	100	0
March 2021	100	0	100	0
April 2021	99.2	0.8	99.6	0.4
May 2021	99.8	0.2	99.8	0.2
June 2021	99.8	0.2	99.8	0.2
July 2021	98.6	1.4	98.6	1.4
August 2021	100	0	99.8	0.2
September 2021	99.6	0.4	99.8	0.2
October 2021	99.2	0.8	99.8	0.2
November 2021	99.2	0.8	100	0
December 2021	98.8	1.2	99.2	0.8
Average for period	99.5	0.5	99.7	0.3

Cambridgeshire Pension Fund

Pension Fund Committee

Date: 24 March 2022

Report by: Head of Pensions

Subject: Pension Fund Annual Business Plan Update report 2021-22

Purpose of the Report: To present the Business Plan Update up to the end of the financial year.

Recommendation: The Pension Fund Committee is asked to:

- 1) Note the Business Plan Update to the end of the financial year
- 2) Approve the extension of the benefits and governance contract by a period of 6 months (3.3.3)
- 3) Approve the extension of the specialist legal services contract by a period of 12 months (4.1.3)

Enquiries to: Mark Whitby, Head of Pensions
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1. Background

- 1.1 Good governance requires that updates to the pre-agreed Annual Business Plan and Medium-Term Strategy are provided to the Committee on a regular basis. This update highlights the progress made on the key activities for the period up to the end of the financial year.
- 1.2 A full list of the key fund activities for the 2021/22 financial year can be found in appendix 1 of this report.

2. Variances against the forecast of investments and administration expenses

- 2.1 The tables in appendix 2 provide an update of the Fund account, investment and administration income and expenditure against the cash flow projection outlined in the Annual Business Plan as agreed by the Pension Fund Committee in March 2021.

3. Key activities

- 3.1 Re-tender for strategic investment advisory services

3.1.1 Background: This continued the work undertaken in 2020/21 to re-tender the investment advisory services contract that was previously awarded to Mercer LLC that expired on 30 September 2021 by performing a mini competition on the National LGPS Framework. The November 2020 Investment Sub-Committee approved the timetable and the proposed contract term for the Consultancy re-tender and approved the launch of a re-tender for the Investment Management Performance Reporting contract currently provided by Mercer, should this be necessary. This was a joint procurement with the Northamptonshire Pension Fund for a single supplier to benefit from the efficiencies of a shared service. Each Fund will have separate contractual arrangements.

3.1.2 Key milestones:

Key Milestones	Dates	On target for completion?
Notify successful supplier	April 2021	Completed
Complete Consultancy procurement / complete National Frameworks Order	June 2021	Completed
Complete Management Performance Reporting procurement	June 2021	Not applicable
Transition/handover (including historical performance data)	July 2021 to September 2021	Not applicable
New contract begins	1 October 2021	Completed
Strategy health check	31 March 2022	Not applicable

3.1.3 Update: Completed - the successful supplier was the Fund's incumbent strategic adviser, Mercer, therefore a health check on the current strategy by a new provider is not applicable. The contract was signed with a commencement date of 8 December 2021.

3.2 Retender for global custody services

3.2.1 Background: This continues the work undertaken in 2020/21 with Funds in the ACCESS pool to launch a revised framework for Global Custody Services under the National LGPS Frameworks. The Pension Fund Committee approved in principle the collaborative procurement of a global custodian, alongside ACCESS partners, in sufficient time to transition the Fund's custody arrangements to the chosen provider (if a change from the current provider) before the expiry on 30 September 2021 of the Fund's extended contract with Northern Trust. Delivery of this activity is dependent upon collaboration with ACCESS partners in calling off the new framework.

3.2.2 Key milestones:

Key Milestones	Dates	On target for completion?
Work with ACCESS partners to call off a common custodian.	December 2020 to 30 September 2021 (revised date, formerly June 2021)	Completed.
Complete transition to the new custodian (if required).	July 2021 to September 2021	Not applicable

3.2.3 Update: Completed - Northern Trust was awarded the contract and formally signed by all parties in November 2021 with an effective contract start date of 1 October 2021.

3.3 Review contracts for actuarial, benefits and governance consultancy services

3.3.1 Background: The existing separate contracts for actuarial, benefits and governance consultancy services are due to expire on 31 March 2023 with the option to extend for a further 12 months. Consideration will need to be given as to whether the separate contracts should be extended together or if it is appropriate to conduct procurements earlier to tie in with future activity required from these contracts. The procurement will be on a joint basis with the Northamptonshire Pension Fund using the National LGPS Framework.

3.3.2 Key milestones:

Key Milestones	Dates	On target for completion?
Decision whether to procure or extend each contract	June 2021	Completed.

3.3.3 Update: In July 2021 the Pension Fund Committee made a decision to extend the actuarial contract by a further 12 months. Upon further consideration and in recognition of the excellent service received from the benefits and governance contract, Officers would now like to recommend that the Pension Fund Committee agrees to extend this contact by a further six months.

3.4 Re-tender for pensions administration and pensioner payroll platform

3.4.1 Background: The Fund currently uses Aquila Heywood Ltd's Altair product as its pensions administration and payroll platform. The contract with Aquila Heywood Ltd was extended in September 2021 by a further three years to enable minimum disruption with the commencement of the Future Northants programme, the pandemic and the forthcoming work required of the age discrimination remedy (McCloud).

A competitive procurement process will need to be undertaken using the National LGPS Framework at least 18 months in advance of the end of the existing contract (September 2024) to ensure that there is sufficient time to complete a successful migration of data if a new supplier is procured.

3.4.2 Key milestones:

Key Milestones	Dates	On target for completion?
Obtain and complete National LGPS Framework documents	September 2022	On target
Commence procurement process	1 April 2023	On target
Award contract to successful supplier	1 October 2023	On target
Start date of contract	1 October 2024	On target

3.4.3 Update: This activity will continue into the Business Plan for 2022/23.

3.5 Review Business Continuity Plan

3.5.1 Background: The Business Continuity Plan (BCP) covering the Fund's governance and administration will need to be reviewed following the creation of the new unitary authority (and administering authority), West Northamptonshire Council on 1 April 2021 to ensure the arrangements previously in place remain so to support the delivery of the Pensions Service. In addition, it is now business as usual to ensure that the Fund's external suppliers such as those that provide and host the pensions administration and payroll platform, regularly supply detailed confirmation that they have satisfactorily carried out disaster recovery and penetration testing.

3.5.2 Key milestones:

Key Milestones	Dates	On target for completion?
Draft revised BCP utilising new Lead Authority (West Northamptonshire Council) BCP template	By October 2021 and rescheduled to November 2021	Completed.
Scrutiny of business continuity arrangements by the Local Pension Board	January 2022 rescheduled from November 2021	Completed
Update the Pension Committee on business continuity arrangements.	March 2022 rescheduled from December 2021	Rescheduled to March 2022.

3.5.3 Update: Following the completion of the BCP which reflects the new arrangements within WNC and covers a wide range of scenarios such as loss of premises and loss of IT, the plan was presented to the Pension Fund Board for scrutiny where members were satisfied with the content. The plan is ready to be submitted for inclusion within the wider WNC corporate plan when it is called upon.

3.6 Develop the Fund's cyber-resilience strategy

3.6.1 Background: The Pensions Regulator and other industry bodies have expressed the concern that pension funds are not taking sufficient positive action to prevent themselves (including scheme members) from being victims of cyber-crime. In particular, the Regulator is concerned that LGPS Funds are relying too much on their respective administering authorities to put appropriate measures in place to protect Fund assets and data.

Work was undertaken in 2020/21 to assess the Fund's level of Cyber-Resilience through a survey conducted by a specialist cyber resilience team at Aon, the Fund's governance advisers. The survey results highlighted a number of activities to be undertaken to demonstrate improved resilience which will be undertaken during the course of 2021/22.

3.6.2 Key milestones:

Key Milestones	Dates	On target for completion?
Develop a cyber-resilience strategy and action plan.	April to June 2021	Completed
Undertake mapping of data and asset flows.	April to June 2021	Completed
Submit survey to higher risk suppliers to ascertain their approach to cyber-resilience. Aon's specialist cyber-resilience team to analyse survey responses and provide feedback.	Rescheduled to October 2021 to February 2022 (originally April to June 2021)	Completed
Pension Fund Board to provide scrutiny of cyber-resilience strategy and action plan.	July 2021	Completed
Pension Fund Committee to approve cyber-resilience strategy, incident response plan and action plan.	October 2021	Completed (incident response plan scheduled for completion during 2022/23).

3.6.3 Update: A detailed update on the progress made towards the Fund's cyber resilience action plan can be found in a separate agenda item to be presented at this meeting.

3.7 Obtain the Pension Administration Standards Association (PASA) accreditation

3.7.1 Background: Obtaining the PASA accreditation will demonstrate to the stakeholders of the Fund that quality operations are in place where the performance and capabilities of the administration and governance functions are in line with those of higher quality organisations providing pensions administration services. Once achieved the accreditation is granted for a three-year period subject to an annual certification process.

3.7.2 Key milestones:

Key Milestones	Dates	On target for completion?
Commence preparation and collation of assessment material.	April 2022	On target
Provide information to PASA for assessment.	March 2023	On target
Hold site visit and receive assessment results	2023/24	On target

3.7.3 Update: No planned activity scheduled for this reporting period.

3.8 Complete the Guaranteed Minimum Pension Rectification

3.8.1 Background: Following the end of contracting-out on 6 April 2016 it has been necessary for all pension schemes to reconcile their scheme members' contracted out liability against that recorded by HMRC. The Fund outsourced the majority of the reconciliation and rectification exercise to ITM Limited. The reconciliation stage of this completed in 2019/20 however following the delay in HMRC issuing the final file of data, the rectification stage was not able to commence during 2020/21 but is now ready to commence in 2021/22 but with the same anticipated completion date as previously estimated.

3.8.2 Key milestones

Key Milestones	Dates	On target for completion?
Produce project plan to rectify the member records that require amendments.	April 2021	Completed
Implement project plan.	June to December 2021	Completed
Process amendments highlighted from GMP rectification analysis	January 2022 to March 2023	On target

3.8.3 Update: All membership records that required updating because of HMRC providing a different GMP amount have been updated through an automated process. Members whose GMP element of their pension was already in payment require manual intervention to determine if they have been overpaid or underpaid because of a different GMP value. Members that have been underpaid will be paid the arrears due and their pension set to the correct level. Where a member has been underpaid, the pension will be amended to the correct rate and any overpayment due to an incorrect GMP value will be written off in line with the Fund's Overpayment of Pension Policy.

3.9 Prepare for the application of the McCloud age discrimination remedy

3.9.1 Background: As a result of the ruling in the McCloud it will be necessary for LGPS Funds to look at every affected to see if the impact of the remedy requires an amendment to the member's accrued benefits. MHCLG released a consultation in 2020/21 detailing proposed amendments to the LGPS regulations because of the remedy and a response to the consultation is still pending. It is understood that LGPS Funds will need to begin work on rectifying records in 2022/23 and in the meantime an exercise is required to collect data relevant to the accurate calculation of the remedy, namely, hour changes and breaks in membership, where this has not previously been provided by scheme employers.

3.9.2 Key milestones:

Key Milestones	Dates	On target for completion?
Issue data collection template to identified employers.	June 2021	Completed.
Work with employers to collect the data required.	Rescheduled to October to December 2021 (previously June to October 2021)	Ongoing – delay due to valuation work.

Key Milestones	Dates	On target for completion?
Make necessary amendments to member records for previously missing data.	June 2021 to March 2022	Ongoing – rescheduled to April 2022.
Send communications to members (upon release of amended LGPS Regulations).	Expected to be April 2022 (pending guidance from DLUHC).	Delayed pending release of amended regulations now expected summer 2022.
Application of the revised underpin (following release of amended LGPS Regulations).	Expected to commence in 2022/23 (DLUHC to provide guidance on this matter, including time within which this work will be undertaken).	Delayed pending a further consultation. Remedy now expected to commence from autumn 2023.

3.9.3 Update: Work is continuing to collect and review membership data from scheme employers. Uploading the amended scheme data from employers has been rescheduled to April 2022 to allow completion of data cleansing for the 2022 valuation. This activity will feature in the Business Plan for 2022/23.

3.10 Prepare for the 2022 Valuation of the Pension Fund

3.10.1 Background: Work with the Fund's actuarial advisors to develop requirements and plan for the triennial valuation of the Pension Fund. The valuation date is 31 March 2022 with results to be published by 31 March 2023 and new employer contribution rates effective from 1 April 2023.

3.10.2 Key milestones:

Key Milestones	Dates	On target for completion?
Develop valuation plan with Fund Actuary	April to June 2021	Completed
Undertake pre-valuation activities	July 2021 to March 2022	Completed
Valuation of the Pension Fund	April 2022 to March 2023	On target
Triennial valuation results published	31 March 2023	On target
Implementation of revised employer contribution rates	April 2023 onwards	On target

3.10.3 Update: All pre-valuation activities required prior to 31 March are on track or have now been completed. A separate paper providing an update on the progress of valuation activities and asking the Committee to approve financial assumptions to be used for the valuation will be presented during this meeting.

3.11 Processing of undecided leaver records

3.11.1 Background: The Fund has a number of unprocessed 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. The number of these cases has historically grown due to 1) scheme employers not notifying the Fund that members of the scheme have left their employment 2) scheme employers providing late monthly reporting and 3) the volume of employer data that has to be queried.

The Fund will treat a case as a backlog case if it is six months or more from the date of notification by the scheme employer. Cases within six months of notification will be identified as business as usual cases. Statutory disclosure requirements are completed immediately on notification of an exit by the scheme employer.

3.11.2 Key milestones:

Key Milestones	Date	On target for completion?
Baseline volumes and develop action plan	April to June 2021	Completed
Process cases in accordance with action plan	Throughout 2021/2022	Outstanding cases will be processed in line with 2022/23 action plan.
Process cases in accordance with action plan	2022/2023	On target

3.11.3 Update: Undecided leaver records are being processed monthly by the Projects and Operations Team in line with the action plan set out. The volume of incomplete cases 6 months or older has increased to 9,496 at the end of December from the original baseline of 8,851. The teams are now using additional reporting methods to ensure that the cases can be allocated and worked on as efficiently as possible, as well as improved reconciliation checks identifying cases ready for processing. Additional resource has also been added to the Projects and Operations Team dealing with this activity in readiness for the 2022-23 scheme year.

3.12 Scope and conduct potential liability reduction exercise

3.12.1 Background: The Fund has an increasing number of records belonging to members that are due a refund of pension contributions (due to having insufficient membership within the LGPS to be awarded a pension entitlement and with the member not having claimed a refund) and also a large number of pensions in payment of a very low value that could be fully commuted into a one-off payment, extinguishing the Fund from any future liability.

It has become increasingly common for pension schemes to look at ways of reducing the number of such records, communicating with these members in order to assess their eligibility and desire to receive payment of the refund or fully commute their benefits.

3.12.2 Key milestones:

Key Milestones	Dates	On target for completion?
Conduct exercise (to review and offer refund options to members).	April 2021 to March 2022	Postponed with effect from October 2021 to focus resources on the processing of undecided leavers.
Scope exercise, formulate project plan and conduct exercise (small commutable pensions).	April 2022 to March 2023	Postponed with effect from October 2021 to focus resources on the processing of undecided leavers.

3.12.3 Update: No update due to reprioritisation of this activity.

3.13 Implement multiple investment strategies

3.13.1 Background: With an increasing number and variety of scheme employer participating in the Fund it is prudent to consider whether greater flexibility is required to meet the different funding requirements of these scheme employers, who may have different investment risk appetites and whose scheme membership may have vastly differing levels of maturity. This project will investigate the creation of a small number of “investment buckets” into which different categories of scheme employer could be allocated.

This activity builds on the investigatory and scoping work carried out in 2020/21.

3.13.2 Key milestones:

Key Milestones	Dates	On target for completion?
Consider impact modelling by Fund Actuary.	April 2021 to May 2021	Completed
Pension Fund Committee to decide whether to proceed.	July 2021	Completed
Devise and implement action plan.	August 2021 to September 2022	Not applicable

3.13.3 Update: Completed - no further action following the decision not to proceed at the previous meeting.

3.14 Conduct specific employer covenant monitoring

3.14.1 Background: Officers are working with the Fund Actuary and Price Waterhouse Cooper (PWC) to carry out covenant assessments of those employers considered to present the greatest financial risk to the Fund. This activity will involve engaging with the relevant employers to explain the process and collect information to allow PWC to carry out a covenant assessment and for the Actuary and PWC to advise on the results and appropriate actions to be taken.

3.14.2 Key milestones:

Key Milestones	Dates	On target for completion?
Issue and collect covenant monitoring questionnaire to relevant employers	April 2021 to June 2021	Completed
Issue collated responses to PWC for analysis	July 2021 to August 2021	Completed
Discuss results and next steps with the Actuary and PWC	September 2021 to October 2021	Completed
Incorporate results of covenant monitoring into 2022 valuation planning	November 2021 to March 2022	Completed

3.14.3 Update: Completed - results of the employer covenant analysis have been reviewed and scheme employers have been contacted regarding their results. Some employers have been invited for further conversations to help officers understand the reasons behind the results and/or to obtain assurance over the strength of their covenant ahead of the valuation. The position following these further discussions will be incorporated into the triennial valuation process.

3.15 Continue development of the asset pool

3.15.1 Background: The ACCESS asset pool development is a long-term project. 2021/22 will see the Fund's final liquid assets transfer into the pool as the remaining tranches of sub-funds are established in the asset pool. In parallel, ACCESS is developing a pool level solution for investing in illiquid assets. The Fund has additional sub-fund requirements not yet part of the ACCESS launch plan. Engagement with ACCESS partners is required to promote these requirements, including around Responsible Investment, in order to achieve timely inclusion.

Dates for completion are dependent upon the approval of the Joint Committee for creating the necessary sub-funds, FCA approval and resolution of other limiting factors. The dates reflect the targets for submission of business cases for the respective sub-funds to the asset pool.

3.15.2 Key milestones:

Key Milestones	Dates	On target for completion?
Liquid Assets – implement tranches as they arise.	2021/22 to 2022/23	On target
Illiquid Assets – Continue to support the illiquid assets pooling solution.	2021/22 to 2022/23	On target
Promote the Fund's requirements.	2021/22 to 2022/23	On target

3.15.3 Update: The Fund, along with 4 other authorities, transferred its existing investment in the M&G Alpha Opportunities Fund into a new ACCESS sub-fund on 1 December 2021.

Illiquid assets- The procurement for the implementation adviser is now complete with MJ Hudson chosen as the successful supplier. The contract has been finalised with MJ Hudson and was signed on 24 December 2021, effective from 31 December 2021. An introductory meeting between MJ Hudson and the Fund's Officers took place to discuss initial data supplied on the Fund's pension investments. On the 4 February 2022, MJ Hudson presented to the ACCESS Non-Listed Sub-Group (NLSG) their preliminary thoughts on the order of asset class procurement for the pooled illiquid Investment solution. A full detailed report is expected for the Joint Committee in March 2022.

Promoting the Fund's requirements- Following approval at the December Joint Committee of the guiding principles for requesting new sub-funds, officers have submitted a request, along with 2 other authorities, to create a new sub-fund for the Funds' Multi Asset Credit mandate with Bluebay. This request will be considered at the March 2022 meeting of the Joint Committee.

Emerging Markets- The Fund is deferring any commitment to invest in an EM sub-fund manager until the Investment Sub Committee have considered proposals to implement asset charges arising from the recently approved Responsible Investment Policy.

The Dodge & Cox Global Stock Fund has completed the transition from the investment manager's co-mingled pooled fund to an ACCESS segregated portfolio which has enabled a more attractive fee to be offered.

3.16 Review the Fund's Responsible Investment Policy

3.16.1 Background: This continues the work undertaken in 2020/21 to revise the Fund's Responsible Investment (RI) Policy for incorporation in the Investment Strategy Statement (ISS). The revised ISS was issued for consultation during Q1 2021/22 and survey feedback will be considered by the Pension Fund Committee along with any required changes to the ISS. The Fund will also work with its advisers, partner ACCESS funds and Link to develop a governance and reporting framework to monitor compliance with the Fund's RI Policy.

3.16.2 Key milestones:

Key Milestones	Dates	On target for completion?
Commence 30 day consultation with Fund stakeholders on the revised Investment Strategy Statement	April to June 2021	Completed
Pension Fund Committee approval of revised ISS	December 2021 (formerly October 2021)	Completed

3.16.3 Update: Completed - The final draft was approved at the December Pension Fund Committee and published on the Fund's web pages on 17 December 2021. A new web page on Responsible Investment has been created for members and will be periodically updated with the Fund's progress on Responsible Investment activities.

3.17 Review the Property Strategy

3.17.1 Background: The Fund's Property investments comprise a multi manager mandate managed by Schroders and residential investments in the Private Rented Sector and Shared Ownership property funds managed by M&G, which mainly comprise UK based assets. A periodic review of these mandates will be undertaken, considering the underlying investment funds and their performance with a focus on the appropriateness of the allocations both geographically and by sector and the relevance of the performance benchmarks and targets. This review will include consideration of possible enhancements to the property strategy, especially considering the expected benefits falling out of the pooling agenda.

The output of the review will be used to inform the Fund's requirements from the ACCESS illiquid asset programme, the implementation of which will be dependent upon the path to migrate to the ACCESS solutions.

3.17.2 Key milestones:

Key Milestones	Dates	On target for completion?
Commence the review	October 2021	Completed
Complete the review and submit report to the Investment Sub Committee	September 2022 (formerly February 2022)	On target – revised date due to re-prioritisation of Responsible Investment commitments.
If a change to Strategic Allocation, approval by Pension Fund Committee	October 2022 (formerly March 2022)	On target– revised date due to re-prioritisation of Responsible Investment commitments.
Communicate the Fund's requirements to the ACCESS pool	November 2022 (formerly April 2022)	On target – revised date due to re-prioritisation of Responsible Investment commitments.

3.17.3 Update: Officers have reviewed the scope for the property investment review with the Independent Adviser and Mercer, however following discussion with the Chair of the Pension Fund Committee, this work has been re-prioritised due to the increasing commitment regarding the Responsible Investment workstream.

3.18 Review of Performance Reporting and Benchmarks

3.18.1 Background: This review will focus on the efficient measurement of the Fund's wide-ranging investment mandates to appropriately gauge that those mandates are delivering expected levels of return and, indeed, meeting the strategic investment needs of the Fund. The existing performance reports are comprehensive and complex, however, there is concern that they contain inappropriate benchmark comparisons and complicate effective decision-making. Wider considerations such as delivery of responsible investment requirements further impact this subject.

The sources of information for performance reporting reflect the wide-ranging number of mandates the Fund has and the quality and timeliness of information available from those sources.

This review will evaluate the strengths and weaknesses of the current report and explore options to improve the quality and clarity of reporting.

The key participants will be Officers, the Fund's consultant and Independent Adviser utilising other third parties as required, with a report on the outcome presented to Investment Sub Committee members.

3.18.2 Key milestones:

Key Milestones	Dates	On target for completion
Commence the review	April 2021	Completed
Report to the Investment Sub-Committee	November 2021	Completed
Implement revised reporting	March 2022	Completed

3.18.3 Update: Completed - a revised reporting template was used for the September 2021 quarterly performance report and presented at the November ISC. Future publications will take into account feedback from ISC members as and when necessary.

4. Additional key activities for 2021/22

4.1 Review contract for specialist pensions legal services

4.1.1 Background: The existing contract for specialist pensions legal services is due to expire on 4 February 2023 with the option to extend for a further 12 months. Consideration will need to be given as to whether to extend this contract or extend for a further 12 months. The procurement will be on a joint basis with the Northamptonshire Pension Fund using the National LGPS Framework.

4.1.2 Key milestones:

Key Milestones	Dates	On target for completion?
Decision whether to procure or extend each contract	February 2022	Decision at March 2022 Committee

4.1.3 Update: Officers have reviewed the service that is received from the current supplier of specialist legal services that is due to end on 4 February 2023 and would like to recommend to the Pension Committee that the contract be extended for the maximum time period available under the terms and conditions of a further 12 months. If agreed, the contract would then cease on 4 February 2024 with a re-tendering exercise required at least 6 months in advance of this date.

4.2 Review the Pension Regulator’s revised Code of Practice

4.2.1 Background: In March 2021 the Pensions Regulator launched a consultation on its revised code of practice. The code of practice sets out how the Pensions Regulator expects LGPS Pension Committee Members, Board Members, Section 151 Officers and administrators to administer, govern and manage their pension schemes. The revised code consolidates (with updates and amendments) most of the existing 15 codes of practice providing a single up to date and consistent source of information. The revised code is expected to come into force in November 2021 from which point pension schemes have six months to demonstrate full compliance with the code.

4.2.2 Key milestones:

Key Milestones	Dates	On target for completion?
Identify revisions to the code of practice that require changes to processes, policies and strategies and produce an action plan to achieve compliance with the new requirements within six months	November/December 2021	Rescheduled to 2022/23.
Present action plan to the Pension Fund Board	January 2022	Rescheduled to 2022/23.
Present progress against the action plan to the Pension Fund Committee and Pension Fund Board	June 2022/July 2022	2022/23

4.2.3 Update: Rescheduled to 2022/23 due to the delay with the code of practice being released.

5. Relevant Fund objectives

5.1 To continually monitor and measure clearly articulated objectives through business planning.

6. Risk Management

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

6.2 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	Residual risk rating
Those charged with the governance are unable to fulfil their responsibilities effectively	Green
Failure to administer the scheme in line with regulations and guidance	Green
Pension Fund objectives not defined and agreed	Green

6.3 Please see full version of the [Cambridgeshire Risk Register](#)

7. Communication Implications

The Business Plan Update will be presented to the Pension Fund Committee and Pension Fund Board at each meeting.

8. Finance & Resources Implications

8.1 Any updated financial implications are set out in the relevant activities.

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 [Annual Business Plan and Medium Term Strategy 2021/22](#)

13. Appendices

13.1 Appendix 1 – Full list of Key Fund Activities for the 2021/22 financial year.

13.2 Appendix 2 – Variances against the forecast of investments and administration expenses based on original setting of assumptions.

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 14/3/2022

Has this report been cleared by Head of Pensions? Mark Whitby – 25/2/2022

Has the Chair of the Pension Committee been consulted? Councillor Whelan – 13/3/2022

Has this report been cleared by Legal Services? Fiona McMillan – 2/3/2022

Appendix 1 – Full list of Key Fund Activities for the 2021/22 financial year.

Activity	Area	Period	On target for this reporting period?
Retender for strategic investment advisory services	Procurement of services	April 2021 to 31 March 2022	Completed
Re-tender for global custody services	Procurement of services	December 2020 to September 2021	Completed
Review contracts for actuarial, benefits and governance consultancy services	Procurement of services	June 2021	Completed
Re-tender for pensions administration and pensioner payroll platform	Procurement of services	September 2022 to October 2024	Transferred to 2022/23 Business Plan
Added July 2021 - Review contract for specialist pensions legal services	Procurement of services	February 2022	Extension of services being proposed.
Review Business Continuity Plan	Core services and governance activities	October 2021 to December 2021	Completed.
Develop the Fund's cyber-resilience strategy	Core services and governance activities	April 2021 to October 2021	Completed
Obtain the Pensions Administration Standards Association (PASA) accreditation	Core services and governance activities	April 2022 to 2023/24	Activity not being considered at this time due to other commitments
Added July 2021 – Review the Pension Regulator's revised code of practice	Core services and governance activities	November 2021 – July 2022	Transferred to 2022/23 Business Plan
Complete the Guaranteed Minimum Pension Rectification	Scheme member data projects	April 2021 to December 2021	2021/22 activities completed. 2022/23 activities transferred to next years Business Plan.

Prepare for the application of the McCloud age discrimination remedy	Scheme member data projects	June 2021 to 2022/23	Outstanding activities transferred to 2022/23 Business Plan
Prepare for the 2022 Valuation of the Pension Fund	Scheme member data projects	April 2021 to April 2023 onwards	2021/22 activities completed. 2022/23 activities transferred to next year's Business Plan
Processing of undecided leaver records	Scheme member data projects	April 2021 to 2022/23	Outstanding cases and 2022/23 activities transferred to next year's Business Plan
Scope and conduct potential liability reduction exercises	Scheme member data projects	April 2021 to March 2023	Transferred to 2022/23 Business Plan
Implement multiple investment strategies	Scheme employer projects	April 2021 to September 2022	Completed
Conduct specific employer covenant monitoring	Scheme employer projects	April 2021 to March 2022	Completed
Continue development of the asset pool	Investment related activities	2021/2022 to 2022/23	2021/22 activities completed. 2022/23 activities transferred to next year's Business Plan
Review the Fund's Responsible Investment Policy	Investment related activities	April 2021 to October 2021	Completed

Review the Property Strategy	Investment related activities	October 2021 to April 2022	Transferred to 2022/23 Business Plan
Review of Performance Reporting and Benchmarks	Investment related activities	April 2021 to March 2022	Completed

Appendix 2 – Variances against the forecast of investments and administration expenses based on original setting of assumptions

Fund Account	2021/22 Estimate	2021/22 Forecast	Variance	Comments
	£000	£000	£000	
Contributions	119,000	130,000	11,000	Contributions in line with current membership numbers
Transfers in from other pension funds	23,000	11,000	(12,000)	Large transfer in from Lincolnshire (£15.5m) originally projected in 21/22 but paid in 20/21
Total income	142,000	141,000	(1,000)	
Benefits payable	(113,000)	(118,000)	(5,000)	Benefits in line with current membership numbers
Payments to and on account of leavers	(7,000)	(9,000)	(2,000)	Demand led
Total Payments	(120,000)	(127,000)	(7,000)	
Net additions/(withdrawals) from dealings with members	22,000	14,000	(8,000)	
Management Expenses	(4,173)	(4,162)	11	See below
Total income less expenditure	17,827	9,838	(7,989)	
Investment income	34,000	30,000	(4,000)	Actual income received to December 2021 plus estimated final quarter
Taxes on income	-	-	-	February 2022 actuals
profit and (losses) on disposal of investments and changes in the market value of investments	150,000	250,000	100,000	
Net return on investments	184,000	280,000	96,000	
Net increase/(decrease) in the net assets available for benefits during the year	201,827	289,838	88,011	

Management Expenses	2021-22 Estimate	2021-22 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	(2,539)	(2,537)	2	See below
Total Governance Expenses	(720)	(701)	19	ACCESS forecasts lower than expected but additional CCB shareholder representative costs
Total Investment Invoiced Expenses	(914)	(924)	(10)	
Total Management Expenses	(4,173)	(4,162)	11	

Administration Expenses Analysis	2021-22 Estimate	2021-22 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	(1,597)	(1,583)	14	Vacancy factor higher than forecast
Altair administration and payroll system	(365)	(384)	(19)	Altair Insights addendum
Data projects	(49)	(49)	-	
Communications	(24)	(18)	6	Increased online communications
Other Non-Pay and Income	(15)	(14)	1	
County Council Overhead Recovery	(489)	(489)	-	
Total Administration Expenses	(2,539)	(2,537)	2	

Cambridgeshire Pension Fund

Pension Fund Committee

Date: 24 March 2022

Report by: Head of Pensions

Subject:	Pension Fund Annual Business Plan and Medium-Term Strategy 2022/23 to 2024/25
Purpose of the Report:	To present the Annual Business Plan and Medium-Term Strategy which details the Fund's key areas of activity over the period 2022/23 to 2024/25
Recommendations	The Committee is asked to approve the attached Business Plan and Medium-Term Strategy
Enquiries to:	Mark Whitby – Head of Pensions Email: mark.whitby@westnorthants.gov.uk

1. Background

1.1 It is considered good governance for the Cambridgeshire Pension Fund to adopt a Business Plan and Medium-Term Strategy that:

- Sets out the objectives of the administering authority with regards to the management of the Fund;
- Documents the priorities and improvements to be implemented during the next three years to help achieve those objectives;
- Enables progress and performance to be monitored in relation to those priorities; and
- Provides a clear vision for the next three years.

1.2 The proposed Business Plan and Medium-Term Strategy for the Cambridgeshire Pension Fund for the period 2022/23 to 2024/25 is in Appendix 1.

2. The Business Plan and Medium-Term Strategy

2.1 The Business Plan and Medium-Term Strategy concentrates on activities that are not considered business as usual, identifying key milestones and budget requirements. It is split into the following core areas:

- Procurement of services
- Core governance activities
- Scheme member and data projects
- Scheme employer projects

- Investment related activities
- Communications

2.2 Progress made against the Business Plan will continue to be reported to the Committee at each meeting via the Business Plan Update report or other relevant report (where appropriate). Where progress against the Business Plan has fallen behind schedule further detail will be provided.

2.3 Estimated costs for the activities in appendix 1 have been detailed alongside the activity and within the financial forecasting for the relevant years. Where further costs become known during the course of the new financial year these will be notified to the Committee via the Business Plan Update report.

3. Relevant Fund Objectives

To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.

To continually monitor and measure clearly articulated objectives through business planning.

Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

4. Finance & Resources Implications

4.1 Performance against the financial estimates in the Business Plan will be presented to the Committee each meeting. The Business Plan sets out the cost of each activity where known and where costs become known during the course of the year the Committee will be updated accordingly.

5. Risk Management

5.1 The 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 Committee and Pension Fund Board at every meeting.

5.2 The risks associated with failing to monitor progress made against the Business Plan and Medium-Term Strategy have been captured in the Fund’s risk register as detailed below.

Risk	Residual risk rating
Those charged with the governance of the Fund and scheme are unable to fulfil their responsibilities effectively	Green
Pension Fund objectives are not defined and agreed.	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Fund Board to enable informed decision making.	Green

5.3 The Fund’s full risk register can be found on the Fund’s website at the following link: [Cambridgeshire Risk Register](#)

6. Communication Implications

Direct Communications: an update on progress made against the activities in the Business Plan will be presented to the Pension Fund Committee each meeting.

Website: The Business Plan will be published on the Fund's website.

7. Legal Implications

7.1 Not applicable.

8. Consultation with Key Advisers

8.1 The Fund's current key advisers have been consulted in the Business Plan and Medium-Term Strategy where necessary.

9. Alternative Options Considered

9.1 Not applicable.

10. Background Papers

10.1 Not applicable.

11. Appendices

11.1 Appendix 1 – Appendix 1 Annual Business Plan and Medium-Term Strategy 2022/23 to 2024/25

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 14/3/2022

Has this report been cleared by Head of Pensions? Mark Whitby – 25/2/2022

Has the Chair of the Pension Committee been consulted? Councillor Whelan – 11/3/2022

Has this report been cleared by the Monitoring Officer Fiona McMillan – 2/3/2022

Business Plan and Medium Term Strategy 2022/23 to 2024/25



1. Introduction

This is the business plan for the Cambridgeshire Pension Fund which is managed and administered by Cambridgeshire County Council in partnership with West Northamptonshire Council. The business plan details the priorities and areas of key focus in relation to the Cambridgeshire Pension Fund for 2022/23, 2023/24 and 2024/25. The business plan was approved at the Pension Fund Committee meeting on xx/xx/xxxx. The business plan is monitored throughout the year and the Pension Fund Committee may be asked to agree changes to it.

The purpose of the business plan is to:

- Explain the background and objectives of Cambridgeshire County Council in respect of the management of the Cambridgeshire Pension Fund;
- Document the priorities and improvements to be implemented during the next three years to help achieve those objectives;
- Enable progress and performance to be monitored in relation to those priorities; and
- Provide a clear vision for the next three years.

In addition, the business plan includes a budget for expected payments to and from the Cambridgeshire Pension Fund during 2022/23 including the resources required to manage the Fund.

Further information

If you require further information about anything included or related to this business plan please contact:

Mark Whitby, Head of Pensions
mark.whitby@westnorthants.gov.uk
07990 556197

Background to the Cambridgeshire Pension Fund

The Cambridgeshire Pension Fund is a £4,303bn* Local Government Pension Fund which provides retirement and death benefits for local government employees (other than teachers) in Cambridgeshire and employees of other qualifying bodies which provide similar services.

The Fund's total membership* is approximately 99,500 of which 28,000 are active members from over 350* individual contributing employers and approximately 71,500 retired, survivor, deferred and other members.

**As at 31 December 2021*

Governance and management of the Fund

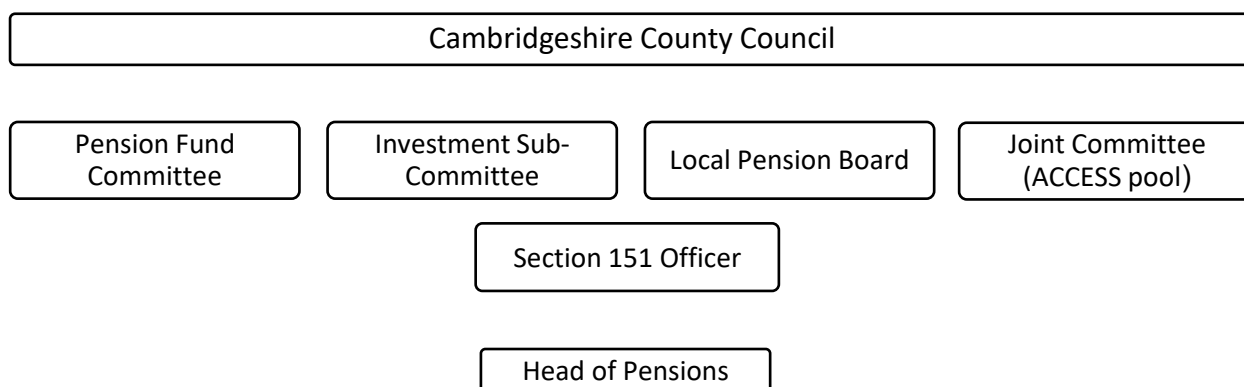
The key decision-making and management of the Fund has been delegated by Cambridgeshire County Council (the administering authority) to a formal Pension Fund Committee, supported by an Investment Sub-Committee that looks at the operational governance of investment issues.

Cambridgeshire County Council's Section 151 Officer has a statutory responsibility for the proper financial affairs of the Council including Pension Fund matters.

Eleven authorities, including Cambridgeshire County Council, are working collaboratively to meet the Government's asset pooling agenda by forming the ACCESS pool. A Joint Committee with representation from each Fund has been formed to oversee the governance of the pool.

A Local Pension Board is in place to assist in securing compliance of Fund matters and ensuring the efficient and effective governance and administration of the Fund.

The governance structure is detailed below:



Administration of the Fund

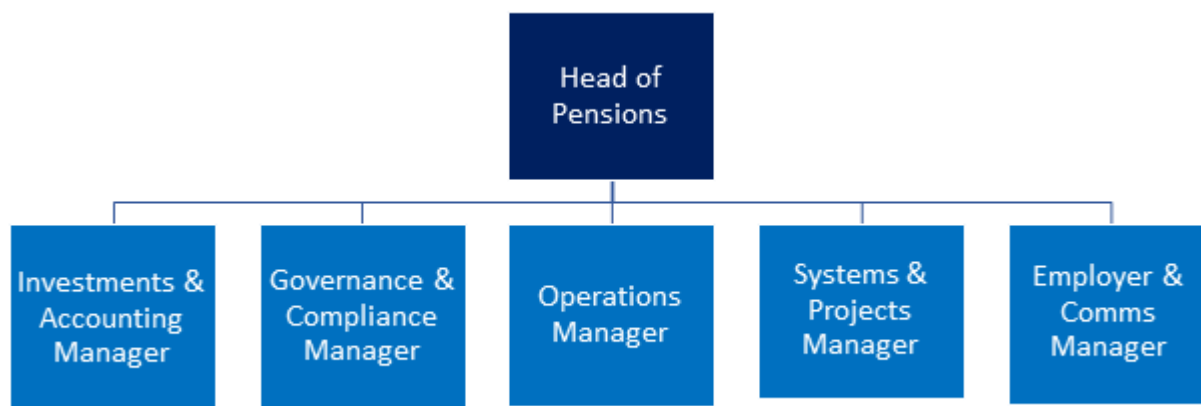
The Cambridgeshire and Northamptonshire Pension Funds are administered under a lead authority model with the lead authority being West Northamptonshire Council working in partnership with Cambridgeshire County Council. The Funds remain two distinct entities.

Management and administration of both Funds is based in Northampton. The Funds have benefited from cost savings through the ability to procure services such as custodian, actuarial, benefits, governance and investment consultancy on a joint basis as well as streamlining the provision of the administration functions.

The day-to-day operations of the Fund are managed by the Head of Pensions who is supported by five teams:

- The Governance and Compliance Team is responsible for managing agendas, producing reports and delivering training to the Pension Fund Committee and Local Pension Board. In addition, the team takes the lead in the development of strategic policies relating to the operation, governance and management of the Fund and monitors compliance and provides quality assurance with prevailing LGPS specific and overriding legislation. The team specialises in information governance and pension taxation.
- The Investments and Fund Accounting Team liaises with the ACCESS asset pool and provides governance over the Fund's investments whether held directly or by the ACCESS pool, reporting to the Investment Sub-Committee and other Committees as required. The team also provides the financial control function to the Fund, managing and accounting for the receipt of contributions from employers, processing the Fund's financial transactions and overseeing the production and audit of the Annual Report and Statement of Accounts.
- The Operations Team is responsible for providing the full range of casework administration. The team delivers a service that includes the calculation of retirement, deferred, death and survivor benefits, transfers in and out, refunds and member record maintenance.
- The Systems and Projects Team is responsible for deliver a wide range of projects that are required to be delivered across the service. The current projects that are being delivered are GMP rectification, overseas proof of existence checks on pensions in payment, data quality improvements, preparations for the McCloud remedy and targeted areas of casework classified as backlog. The team is also responsible for maintaining the pension administration, payroll, employer and member self-service systems, reconciling membership data received from employers and the production of annual benefit statements.
- The Employer Services and Communications Team is responsible for facilitating the entry and exit of employers to and from the Fund. The team also acts as employer liaison, providing end to end support to employers throughout their life cycle in the Fund, including day to day assistance and training to ensure employers are aware of and able to carry out their responsibilities. The team also manages the internal and external escalation process, the triennial actuarial valuation process and managing employer risk. Scheme member and employer communications form a significant part of the team's function which ranges from the design and management of the Fund's website, presentations, workshops, newsletters and written communications.

The structure of the Pensions Service which provides administration services to both the Cambridgeshire Pension Fund and the Northamptonshire Pension Fund, as at 31 March 2022 is illustrated below in simplified form:



The current full time equivalent of staffing is 80.36. The full Pensions Service structure is at Appendix A.

Objectives for the management of the Fund

The Fund's agreed objectives are detailed as follows;

- To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies, and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- To 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.
- To continually monitor and measure clearly articulated objectives through business planning.
- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- To ensure regular monitoring of employer covenants, putting in place mitigations of adequate strength to protect the Fund.
- To ensure appropriate exit strategies are put in place both in the lead up to and termination of a scheme employer.
- To put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary.
- To ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer.
- To administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.
- To maintain accurate records and ensure data is protected and used for authorised purposes only.
- To promote the scheme as a valuable benefit.
- To deliver consistent plain English communications to stakeholders.

- To provide scheme members with up-to-date information about the scheme in order that they can make informed decisions about their benefits.
- To seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.
- To ensure cash flows in to and out of the Fund are timely and of the correct amount.
- To ensure the long-term solvency of the Fund, taking a prudent long-term view, so that sufficient funds are available to meet all members’/dependants’ benefits as they fall due for payment.
- To put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy.
- To maximise investment returns over the long term within agreed risk tolerances.
- To ensure an appropriate cash management strategy is in place so that net cash outgoings can be met as and when required.
- To invest sustainably to achieve better long-term outcomes for the Fund and its stakeholders by ensuring environmental, social and governance factors are taken account of across all investment decision making.

Business as usual

The appendix to the business plan highlights the key priorities for the next three years and focuses on areas of change and projects which are in addition to day to day “business as usual” duties. On a day-to-day basis the focus is on the following key elements of Fund management:

- Paying pension benefits to beneficiaries as prescribed by the LGPS Regulations.
- Ensuring employers provide monthly membership data by the required deadline.
- Communicating with scheme members about their membership of the Fund.
- Ensuring all pension contributions that are paid by active members are received as prescribed by the LGPS.
- Ensuring all employers pay their pension contributions.
- Safeguarding the money in the Fund (the Fund’s assets).
- Investing any Fund assets that are in excess of those needed to pay immediate benefits.
- Working with the Fund Actuary to ensure that the amount employers pay into the Fund is sufficient to pay future pension benefits.

Managing this on a day-to-day basis involves a wide range of processes and procedures designed around achieving the Fund’s objectives. The Fund is large, complex, and highly regulated. As such these processes and procedures require expert knowledge and experience as illustrated below.

Governance

- Setting the agenda, reporting, and presenting to the Pension Fund Committee, Investment Sub-Committee and Local Pension Board.
- Implementing and monitoring areas such as the training, risk management, reporting breaches of the law and compliance with the Pensions Regulator’s code of practice and changing LGPS regulations and over-riding legislation.
- Ensuring adherence to the administering authority’s policies and legal requirements for procurement, cyber security, and data protection.
- Procurement of advisers and other services.
- Assisting internal and external auditors in their role.
- Responding to freedom of information requests.
- Participation in the Joint Committee of the ACCESS pool.

Accountancy

- Preparing and publishing the Fund's annual report.
- Completing the annual accounts and assisting with external auditors.
- Preparing the annual budget, monitoring, and reporting quarterly.
- Preparation of statutory and non-statutory returns as required.
- Conducting monthly bank reconciliations.
- Cash flow management.
- Monthly monitoring of income and expenditure including employer and scheme member contributions.
- Invoicing of employers for pensions strain and unfunded benefits.

Funding

- Agreeing the draft funding strategy with the Fund Actuary, for Committee approval, every three years, consulting with employers and monitoring continued appropriateness annually.
- Managing the triennial valuation alongside the Fund Actuary, providing membership and cash flow data, and appropriately communicating with scheme employers.
- Monitoring the covenant of scheme employers including their ability to pay contributions and managing those who wish to join or cease membership of the scheme.
- Managing the FRS/IAS reporting cycles alongside the Fund Actuary, based on employer specifications and appropriately communicating with Scheme Employers.

Investments

- Monitoring and reporting on the Fund's funding position.
- Carrying out a review of the investment strategy at appropriate intervals.
- Managing the Fund's assets through the asset pooling arrangements or directly for non-pool aligned assets.
- Monthly monitoring and implementation of the tactical asset allocation decisions.
- Working with other LGPS Funds within ACCESS to ensure the pool meets the Fund's strategic investment requirements.

Administration

- Providing ongoing information to scheme members and their beneficiaries as they join, leave, or change status.
- Calculating and notifying scheme members of their entitlement to pension and death benefits.
- Providing quotations of retirement benefits including any additional costs to scheme employers.
- Providing information on how scheme members can increase their pension benefits.
- Maintaining accurate scheme member records.
- Providing an online scheme member and scheme employer self-service facility.
- Administering the internal dispute resolution procedure.

Payroll

- Calculating and paying monthly pensions to pensioners and beneficiaries.
- Issuing of payslips at appropriate times.
- Issuing P60s.
- Investigating returned payments and dealing with any under or overpayment of pensions.
- Updating and maintaining accuracy of pensioner member details.

Communication

- Providing annual benefit statements to all active and deferred scheme members.
- Providing all other statutory communications to members.
- Providing information to members via one-to-one sessions, workshops and newsletters.
- Maintaining the Fund's website.
- Providing new scheme employers with information about their responsibilities.
- Providing ongoing training and technical updates to employers.

Technical

- Maintaining and updating the pensions administration system.
- Ensuring presence, accuracy, and regular review of scheme member data in line with the expectations of the Pensions Regulator and to comply with the General Data Protection Regulations.
- Providing guidance on changes in processes following new or amending legislation.
- Monitoring and reporting on progress against key performance indicators and daily work management.
- Providing reports and extracts for GAD and other government departments.
- Reporting and making payments to HMRC.
- Processing bulk updates to member records such as new joiners and leavers, pensions increase and year-end or monthly contributions.

Challenges and influences over the next three years

The current environment is such that there is an unprecedented volume of external factors that could impact the management of the Fund:

- The continued impact of the pandemic on management, investment, and administration.
- The increased oversight by the Pensions Regulator and the issuance of the new singular code of practice where compliance must be achieved within 6 months.
- New and amending regulations affecting the Local Government Pension Scheme including the currently revoked £95k exit cap, the remedy resulting from the McCloud high court ruling and the paused national LGPS cost control review and several regulatory changes impacting on scheme employers.
- The requirement to rectify member contracted out data held by the scheme with that held by HMRC.
- The increasing number of scheme members affected by the government's pensions tax regime and reducing allowances on pension savings.
- The ongoing implementation of the government's requirements to pool LGPS pension fund assets with other Funds.
- Maintaining the skills and knowledge of officers and Committee and Board members to comply with the requirements of MIFIDII, CIPFA's new skills and knowledge framework and

new statutory guidance stemming from the Scheme Advisory Board's Good Governance Review.

- The increasing number of scheme employers due to alternative provision models within the local government universe.
- Finding innovative and digital ways of working for the benefit of the Fund, the member, and the scheme employer to achieve the Fund's strategies on administration, communication and employer engagement.
- The increasing scrutiny and transparency on data quality.
- To stay ahead of the increasingly sophisticated challenges presented by cyber-crime.
- Evidencing savings and improved investment governance arising from asset pooling.
- The risk of members being exposed to potential scams and the increasing requirements of the Fund to provide protection against this.
- The need to manage the climate risk within the Fund's investment portfolio as well as meet future statutory reporting requirements including those related to the Task Force on Climate-Related Financial Disclosures (TCFD).
- Implementation of Pension Dashboards.

These and other priorities for the next three years are articulated in more detail in the appendix to this business plan, split into six sections:

- Procurement of services
- Core governance activities
- Scheme member and data projects
- Scheme employer projects
- Investment related activities.
- Communications

Budget

All the costs associated with the management of the Fund are charged to the Fund and not Cambridgeshire County Council. The following shows the expected income and expenditure (cash flow) of the Fund as well as the anticipated operating costs.

Cash flow projection 2021/22 to 2024/25

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

	2021/22 Estimate	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£000	£000	£000	£000	£000
Contributions ¹	119,000	130,000	135,000	135,000	135,000
Transfers in from other pension funds ²	23,000	11,000	8,000	8,000	8,000
TOTAL INCOME	142,000	141,000	143,000	143,000	143,000
Benefits payable	(113,000)	(118,000)	(121,000)	(125,000)	(129,000)
Payments to and on account of leavers ²	(7,000)	(9,000)	(10,000)	(10,000)	(10,000)
TOTAL PAYMENTS	(120,000)	(127,000)	(131,000)	(135,000)	(139,000)
Net additions/(withdrawals) from dealings with members	22,000	14,000	12,000	8,000	4,000
Management expenses	(4,173)	(4,162)	(4,555)	(4,462)	(4,579)
TOTAL INCOME LESS EXPENDITURE	17,827	9,838	7,445	3,538	(579)
Investment income	34,000	30,000	30,000	31,200	32,500
Taxes on income.	-	-	-	-	-
profit and (losses) on disposal of investments and changes in the market value of investments ³	150,000	250,000	169,000	176,000	183,000
NET RETURN ON INVESTMENTS	184,000	280,000	199,000	207,200	215,500
Net increase/(decrease) in net assets available for benefits during the year	201,827	289,838	206,445	210,738	214,921

Management Expenses

	2021/22 Estimate	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£000	£000	£000	£000	£000
Total administration expenses	(2,539)	(2,537)	(2,674)	(2,691)	(2,766)
Total governance expenses	(720)	(701)	(900)	(750)	(750)
Total investment expenses ⁴	(914)	(924)	(981)	(1,021)	(1,063)
TOTAL MANAGEMENT EXPENSES	(4,173)	(4,162)	(4,555)	(4,462)	(4,579)

Administration Expenses

	2021/22 Estimate	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£000	£000	£000	£000	£000
Staff related	(1,597)	(1,583)	(1,647)	(1,680)	(1,714)
Altair administration and payroll system	(365)	(384)	(398)	(410)	(422)
Data Assurance	(49)	(49)	(45)	(15)	(15)
Communications	(24)	(18)	(41)	(16)	(16)
Other non pay and income	(15)	(14)	(16)	(17)	(18)
County Council overhead recovery	(489)	(489)	(527)	(553)	(581)
TOTAL ADMINISTRATION EXPENSES	(2,539)	(2,537)	(2,674)	(2,691)	(2,766)

1Contributions and benefits are based upon underlying trends in membership and contribution rates, pensions in payment and expected increases. Contributions subjected to change due to 2022 Valuation.

2Future estimated transfers in and out have been based upon the average of individual transfers in and out of the scheme over the period 2016/17 to 2020/21.

3Return on Investments have been calculated by applying the actuarial assumption of investment growth +4.1% per annum.

4Investment Expenses estimates includes management fees for property funds. These will reduce once property has migrated into the asset pool, however timescales for property transitions are to be confirmed.

Delivering the business plan

Monitoring and reporting

To identify whether the agreed business plan is being met progress on the key priorities and budgets will be monitored by the Fund management team and reported to the Pension Fund Committee and Local Pension Board at every meeting.

The updates will:

Highlight any areas where the target is exceeded or where the target has not been achieved and the reasons why and identify any changes in response to the planned priorities because of this.

Highlight any significant additional spend or underspend in relation to the agreed budget as it becomes apparent.

Risk Management

The Cambridgeshire Pension Fund has embedded risk management into the governance of the Fund. The Pension Committee has approved a Risk Strategy and a detailed Risk Register is maintained and reviewed by the Local Pension Board at every meeting. Changes to the level of risk are reported to the Pension Fund Committee at every other meeting, or more frequently if necessary.

The table below lists the Fund's highest rated risks as of February 2022. The full risk register can be found on the Fund's website: [CPF Risk Register](#)

Risk	Residual risk rating
Employers are unable to pay increased contribution rates.	Amber
Failure to respond to changes in economic conditions.	Amber
As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	Amber
Contributions to the Fund are not received on the correct dates and/or for the correct amount.	Amber
Fund assets are not sufficient to meet obligations and liabilities.	Amber

Activities to be delivered

The activities have been split into the following sections:

- Procurement of services
- Core governance activities
- Scheme member and data projects
- Scheme employer projects
- Investment related activities
- Communications

Procurement of Services

Activity	Background	Key Milestones	Resources required
Extend the existing contract and re-tender for actuarial consultancy services	<p>The Fund’s current supplier of actuarial services is Hymans Robertson. The initial contract period is due to end on 31 March 2023.</p> <p>It has been previously agreed by the Pension Fund Committee to extend this contract by the maximum time under the terms and conditions of the contract of 12 months to 31 March 2024.</p> <p>The National LGPS Frameworks will be used for the re-tender which will be undertaken on a joint basis with the Northamptonshire Pension Fund.</p>	<p>Extend contract (January 2023)</p> <p>Register to access national LGPS Frameworks (August 2023)</p> <p>Draft specification of services required and associated documentation (August 2023 – September 2023)</p> <p>Issue invitation to tender to suppliers on the Framework (October 2023)</p> <p>Evaluate tender responses (November 2023 – December 2023)</p> <p>Award contract (January 2024)</p>	<p>Cost of subscription to framework £2,000.</p> <p>Legal fees £1,000.</p> <p>No additional staffing costs.</p> <p>All costs will be included within the governance budget.</p>
Extend the existing contract and re-tender for benefits and governance consultancy services	<p>The current supplier of benefits and governance consultancy services is Aon. The initial contract period is due to end on 31 March 2023.</p> <p>The Pension Fund Committee have been asked to approve* an officer recommendation to extend this contract for a period of six months out of a possible 12 months that is allowable under the terms and conditions of the existing contract. The recommendation was made in recognition of the need to separate this re-tender from that of the actuarial services re-tender which had previously been undertaken together.</p>	<p>Extend contract (January 2023)</p> <p>Register to access national LGPS Frameworks (January 2023)</p> <p>Draft specification of services required and associated documentation (January 2023 – February 2023)</p> <p>Issue invitation to tender to suppliers on the Framework (March 2023)</p>	<p>Cost of subscription to framework £2,000.</p> <p>Legal fees £1,000.</p> <p>No additional staffing costs.</p> <p>All costs will be included within the governance and administration budget.</p>

	<p>The National LGPS Frameworks will be used for the re-tender which will be undertaken on a joint basis with the Northamptonshire Pension Fund.</p> <p><i>*Should approval not be given to extend the contract the dates attached to each key milestone will move back 6 months.</i></p>	<p>Evaluate tender responses (May 2023 – June 2023)</p> <p>Award contract (July 2023).</p>	
<p>Extend existing contract and re-tender for legal services provider</p>	<p>The Fund’s current supplier of specialist pensions legal services is Squire Patton Boggs. The initial contact period is due to end on 4 February 2023.</p> <p>The Pension Fund Committee have been asked to approve* an officer recommendation to extend this contract for the maximum period allowable under the contract of 12 months.</p> <p>Subject to the approval* of the Pension Fund Committee, the current legal services contract will be extended to 4 February 2024.</p> <p>The National LGPS Frameworks will be used for the re-tender which will be undertaken on a joint basis with the Cambridges Pension Fund.</p> <p><i>*Should approval not be given to extend the contract the dates attached to each key milestone will move back 12 months.</i></p>	<p>Extend existing contract (January 2023).</p> <p>Register to access national LGPS Frameworks (July 2023)</p> <p>Draft specification of services required an associated documentation (July 2023 – August 2023)</p> <p>Issue invitation to tender to suppliers on the Framework (September 2023)</p> <p>Evaluate tender responses (October 2023 - November 2023)</p> <p>Award contract (December 2023)</p>	<p>Cost of subscription to framework – no fee.</p> <p>Legal fees £1,000.</p> <p>No additional staffing costs.</p> <p>All costs are included within the governance budget.</p>

<p>Re-tender for pensions administration and pensioner payroll platform</p>	<p>The Fund currently uses Heywood’s Altair product as its pensions administration and payroll platform. The contract with Heywood was extended in September 2021 by a further three years to enable minimum disruption with the commencement of the Future Northants programme, the pandemic and the forthcoming work required of the age discrimination remedy (McCloud).</p> <p>The National LGPS Frameworks will be used for the re-tender which will be undertaken on a joint basis with the Northamptonshire Pension Fund.</p> <p>The procurement process will commence at least 18 months in advance of the end of the existing contract (September 2024) to ensure that there is sufficient time to complete a successful migration of data if a new supplier is procured.</p>	<p>Soft market testing and discussions with other Funds (April 2022 – December 2022)</p> <p>Obtain and complete National LGPS Framework documents. (September 2022)</p> <p>Develop tender documents (January 2023 to March 2023)</p> <p>Undertake framework procurement (April 2023 – September 2023)</p> <p>Award contract to successful provider (October 2023)</p> <p>Business process re-engineering and systems development (if new supplier) (October 2023 to September 2024)</p> <p>Contract commences (October 2024)</p>	<p>Cost of subscription to framework £8,000. Legal fees £1,000. No additional staffing costs. All costs included within the administration budget for 2022/23.</p>
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Core governance activities

Activity	Background	Key Milestones	Resources required
<p>Continue to develop the Fund’s Cyber Strategy</p>	<p>During 2021/22 the Fund embarked on a programme of work to assess the extent of cyber risk that the Fund’s assets and data could potentially be exposed to. Several activities were undertaken such as the development of a cyber strategy and action plan to understand and</p>	<p>Ongoing monitoring and development of the cyber strategy and action plan evidenced by a separate agenda item at each meeting of the Pension Fund</p>	<p>No additional staffing costs. Costs of activities within the action plan of an estimated £20,000 have been included within the governance budget for 2022/23.</p>

	mitigate where possible the Fund's exposure to cyber risk. Cyber-crime will continue to evolve and become increasingly sophisticated and as such the cyber strategy and action plan will need to be regularly reviewed and new activities added as time goes on.	Committee and Local Pension Board (2022/23).	
Review and implement changes required from the Pension Regulator's new Code of Practice	In March 2021 the Pensions Regulator launched a consultation on its revised code of practice for the pensions industry. The revised code of practice consolidates, updates, and amends the existing 15 codes of practice into one single consistent source of information. The responses to the consultation have taken the Pensions Regulator longer than expected to digest and as such the new code of practice is now expected to come into force summer 2022. Once the code of practice is in force, the Fund will have six months to achieve full compliance with its contents.	Develop an action plan of changes required on launch of code of practice (Summer 2022). Present action plan (Pension Fund Committee - October 2022 and Local Pension Board – November 2022) Present update on progress on action plan (Local Pension Board – February 2023 and Pension Fund Committee – March 2023).	No additional staffing costs. All costs included within the governance budget for 2022/23.
Implement the best practice recommendations of the good governance review	The Scheme Advisory Board (SAB) have been working on the good governance review for several years with the current objective to identify both the issues deriving from the current scheme arrangements and the potential benefits of increasing the level of separation between the host authority and the scheme manager role to avoid potential conflicts of interest. Following consultation with LGPS stakeholders, in February 2021, a number of recommendations for improvement were identified. Some would require the input of DLUHC (Department for Levelling Up Housing and Communities) to amend scheme regulations and publish statutory guidance, others by SAB and other for	Develop an action plan to implement the best practice activities (May 2022). Present action plan and Conflicts of Interest Policy (Pension Fund Committee - June 2022 and Local Pension Board – July 2022) Present update on progress on action plan (Local Pension Board – February 2023 and Pension Committee – March 2023).	No additional staffing costs. All costs included within the governance budget.

	<p>Funds to implement as best practice. There has recently been no further progress on any of the recommendations either by DLUHC or SAB. However, there are some best practice activities stemming from the recommendations that LGPS Funds can be preparing for in readiness.</p>	<p>Implementation of activities requiring SAB and DLUHC guidance (dates to be confirmed upon receipt of further information)</p>	
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Scheme member and data projects

Activity	Background	Key Milestones	Resources required
<p>Complete the Guaranteed Minimum Pension Rectification</p>	<p>Following the end of contracting-out on 6 April 2016 it has been necessary for all pension schemes to reconcile their scheme members contracted out liability against that recorded by HMRC. The reconciliation stage completed in 2019/20.</p> <p>The rectification stage of this project commenced in 2021/22. All updates required for scheme member records for those below GMP pensionable age have been completed. Scheme members with a GMP element of their pension already in payment that require amending will be completed manually.</p> <p>Any underpayments due to an amended GMP will be rectified and arrears of pension paid. Where an overpayment of pension has occurred due to an amended GMP, the pension will be reduced to the correct level and the overpayment written off as per the Fund's Overpayment of Pension Policy.</p>	<p>Manual rectification of outstanding records. (April 2022 –March 2023)</p>	<p>No additional staffing costs. All costs to be met through the existing staffing budget.</p>

<p>Application of the McCloud age discrimination remedy</p>	<p>The McCloud age discrimination remedy will remove the age discrimination that has been judged to have arisen in public sector schemes due to the age-related transitional protections that were introduced following the introduction of the CARE arrangements (in 2014 for the LGPS).</p> <p>The pension records of scheme members within scope of the McCloud ruling will be rectified following the implementation of the age discrimination remedy.</p> <p>Scheme employers are reviewing the data held by the Fund and advising of any amendments. Once all data has been returned it will be submitted to Heywood and uploaded to scheme member records.</p> <p>Where non active member records are updated, benefits awarded and in payment will be reviewed in line with the remedy and national guidance.</p>	<p>Data sheets returned from scheme employers (February 2022 – April 2022)</p> <p>Data sheets checked by Fund (May 2022 – July 2022)</p> <p>Uploading of revised scheme member data (August 2022 – March 2023)</p> <p>Send communications to members (upon release of amended LGPS Regulations – expected to be Summer 2022)</p> <p>Application of the revised underpin following release of amended LGPS Regulations (October 2023 onwards)</p>	<p>Data upload costs have been included within the administration budget.</p> <p>No additional staffing costs. All costs to be met through the existing staffing budget.</p>
<p>Processing of undecided leaver records</p>	<p>The Fund has a number of unprocessed 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.</p> <p>A significant number of these records are in progress for a variety of reasons, including outstanding information or workflow. Any case which is older than 6 months</p>	<p>Re-baseline project (April 2022)</p> <p>Reduce cases by 2,500 (April 2022 – March 2023)</p> <p>Reduce cases by a further 2,500 (April 2023 – March 2024)</p> <p>Reduce cases by a further 2,500 to a business as usual baseline (April 2024 – March 2025).</p>	<p>Additional officers have already been recruited and the costs have been included within the administration budget.</p>

	<p>since the point of notification is classed as a backlog and reported through this business plan activity.</p> <p>The intention is to reduce this backlog by 2,500 cases per year for the next 3 years from a baseline of approximately 9,500 cases.</p>		
Complete the 2022 Valuation of the Pension Fund	<p>Work with the Fund's actuarial advisors to complete the 2022 valuation of the Pension Fund. The valuation date is 31 March 2022 but the work is carried out during 2022/23 with results to be published by 31 March 2023 and new employer contribution rates effective from 1 April 2023.</p>	<p>Provision, validation and sign-off of valuation data (July 2022 – August 2022)</p> <p>Provision of whole Fund results by Fund Actuary (September 2022)</p> <p>Discuss whole Fund results with Committee (October 2022)</p> <p>Committee to approve Funding Strategy Statement for consultation (October 2022)</p> <p>Funding Strategy Statement issued for consultation (November 2022)</p> <p>Issue draft employer results and contribution strategies to scheme employers (November 2022 to December 2022)</p> <p>Committee to approve final Funding Strategy Statement (December 2022)</p>	<p>Actuarial fees - £130,000 included within the governance budget for 2022/23.</p> <p>No additional staffing costs. All costs to be met through the existing staffing budget.</p>

		<p>Consultation and discussions with employers to agree contribution strategies (December 2022 – February 2023)</p> <p>Publication of final valuation report and certified contribution rates (31 March 2023)</p>	
Prepare for the implementation of Pension Dashboards	<p>In the 2016 Budget, the Government made a commitment that Pension Dashboards would be created by the pensions industry, enabling pension savers to view details of all their pensions together. The Department of Work and Pensions (DWP) consultation on the draft Pensions Dashboards Regulations released in January 2022 proposes a staging deadline on the end of April 2024 for LGPS Funds to go live on the Dashboards. However, this date is likely to be challenged to allow sufficient time for LGPS Funds to complete the recalculation of benefits for scheme members in scope of the McCloud remedy.</p>	<p>Work with supplier to implement pension dashboards by required deadline* (Estimated between April 2022 – March 2024)</p> <p>Implementation of pension dashboards*(DWP consultation currently proposes end of April 2024)</p> <p>Data quality will be addressed separately through ongoing data cleansing activities.</p> <p><i>*Dates to be updated once further information from the government is received.</i></p>	<p>It is currently unknown what the implementation and ongoing costs associated with the Dashboards will be. Costs will become clearer as the implementation date approaches. It is envisaged that the costs associated with cleansing membership data will be met within existing budgets</p>

Investment related activities

Activity	Background	Key Milestones	Resources required
Continue development of the ACCESS asset pool	The ACCESS asset pool has implemented sub-funds in which the Fund has invested 100% of its active listed equities. The Fund has submitted a request for a sub-	Transition into the new Multi Asset Credit sub fund (By 31 March 2023).	ACCESS adviser fees are included in the Fund's share of ACCESS operating costs of c.£124,000 for

	<p>fund for its Multi Asset Credit which when launched will result in 100% of listed Fixed Income assets being pooled (excluding Index-linked gilts ring-fenced as collateral for derivatives).</p> <p>The ACCESS pool has recently appointed MJ Hudson as Implementation Adviser for Illiquid Assets. During 2022/23 MJ Hudson will be implementing pooled solutions for investing in Illiquid assets. Due to the illiquid nature of this asset class, migration of the Fund's assets may take a number of years.</p>	Produce plan for investing in illiquid assets in the pooled solution (By 31 March 2023).	2022/23. This forms part of the investment budget. No additional staffing costs with costs met through the existing staffing budget.
Decarbonisation and improved stewardship reporting	<p>During 2021/22 the Committee approved a revised Investment Strategy Statement incorporating an expanded and strengthened Responsible Investment (RI) Policy. The Investment Sub-Committee approved the Fund's Climate Change Action Plan in February 2022 which has been published on the Fund's website.</p> <p>It is proposed that over the next twelve months, in conjunction with the existing work to draft the Fund's first report that meets the requirements of the Task Force on Carbon-Related Financial Disclosures (TCFD), the Fund produces a credible plan with milestone dates, for the Fund's investments to achieve "net-zero" carbon emissions.</p> <p>The Fund will also prepare its first submission under the UK Stewardship Code.</p>	<p>Implement agreed plan to decarbonise the Fund's listed equities (throughout 2022/23 and beyond).</p> <p>Draft TCFD report presented to the Investment Sub Committee (September 2022).</p> <p>Draft Stewardship Code submission presented to the Investment Sub Committee (March 2023)</p>	All costs associated with this activity have been included within the investment and staffing budgets.
Review the Fund's Property	The Fund's multi manager property mandate managed by Schroders has been in place for many years and recently enhanced by opportunistic direct investments	Report on strategy review presented to Investment Sub Committee (September 2022).	All costs associated with this activity have been included within

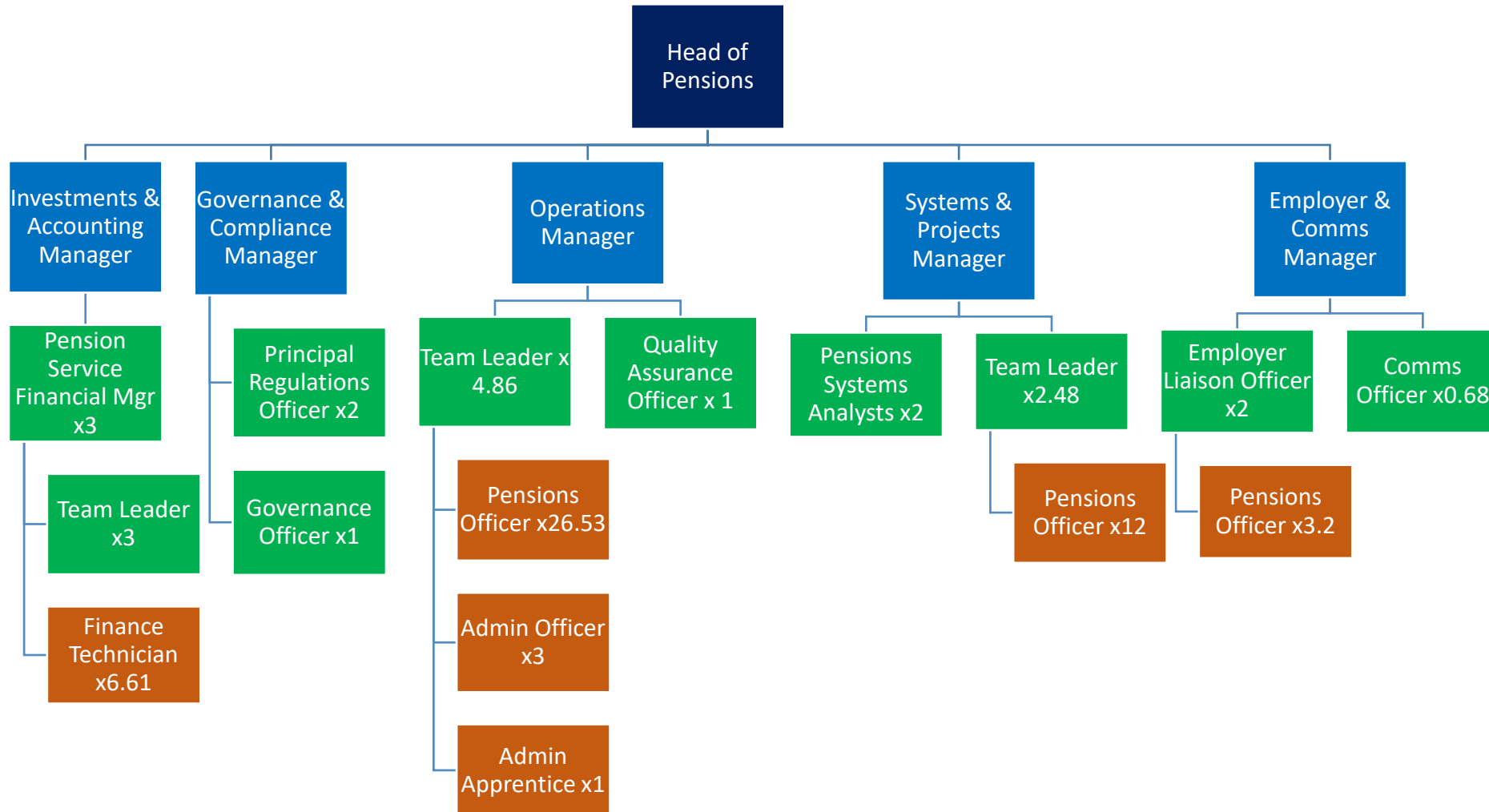
Investment Strategy	<p>in Private Rented Sector and Shared Ownership property funds managed by M&G.</p> <p>A review of the mandate will be undertaken, including consideration of possible enhancements to the property strategy, especially considering the expected benefits arising from the pooling agenda</p>	<p>The output of the review will be communicated to ACCESS to inform the Fund’s requirements for the ACCESS illiquid asset programme (December 2022).</p>	<p>the investment and staffing budgets.</p>
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Communications

Activity	Background	Key Milestones	Resources required
<p>Review of website and digital communications during 2022/23</p>	<p>The Fund maintains two websites for engagement with scheme members and employers. The current websites were developed in 2015, with the employer website hosted locally using WordPress and the member’s website hosted by the Fund’s administration software provider, Heywood, alongside the member self-service facility.</p> <p>A review of our web offering will be carried out with support from the digital services team at West Northamptonshire Council. The review will assess whether the website is still fit for purpose and alternative options available to meet the needs of the Fund’s stakeholders. This includes deciding whether to continue hosting the employer and member websites separately.</p>	<p>Initial engagement with key stakeholders and agreement of project objectives (April 2022 – June 2022)</p> <p>Review of initial engagement including mapping of user journeys and key insights (July 2022 – August 2022)</p> <p>Investigation into any identified “pain points” identified by user groups and identification of any further areas for improvement (August 2022 - September 2022)</p> <p>Stakeholder demonstration of new user journeys and prototype web pages/functions (September 2022 – October 2022)</p>	<p>Digital services fees £15,000</p> <p>Included within existing governance budget</p> <p>Existing staff to be used so costs are included within existing staffing budget</p>

		<p>Presentation of key recommendations to officers (October 2022 – November 2022)</p> <p>Present outcomes and recommendations paper to Committee (March 2023)</p>	
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Appendix A: Full Pensions Service structure



Cambridgeshire Pension Fund

Pension Fund Committee

24 March 2022

Report by: Head of Pensions

Subject: Governance and Compliance Report

Purpose of the Report: To provide the Pension Fund Committee with information on:

1. Department for Levelling Up, Housing and Communities – SF3 data 2020/21, Section 13 Report and Levelling Up the United Kingdom White Paper
2. Scheme Advisory Board – UN Letter regarding investments in the Israeli settlement economy and Scheme Member representation on Asset Pools
3. The Pensions Regulator – Reporting pension scams
4. New legislation – Pension Scams and Pensions Wise guidance
5. Skills and knowledge opportunities

Recommendations The Pension Fund Committee are asked to note the Governance and Compliance Report

Enquiries to: Jo Kent, Governance and Regulations Manager
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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. The Department for Levelling Up, Housing and Communities (DLUHC)

2.1.1 SF3 statistics 2020/21

- 2.1.1.1 On 21 December, DLUHC published the final SF3 statistics for 2020/21. This is a statistical release containing information on the LGPS' total expenditure, income and membership for 2020/21 in England and Wales. The statistics were based on data provided by all 85 administering authorities. The headline statistics are as follows:
- Total LGPS expenditure in 2020/21 was £13.6bn. This was an increase of £0.2bn (1.2%) on 2019/20.
 - Total LGPS income in 2020/21 was £17.3bn. This was an increase of £1.3bn (8.4%).
 - Employers' contributions to the LGPS amounted to £10.3bn, up by 3.4%. This reflects the early deficit payments made by many employers following the triennial valuation.

- Employees' contributions to the LGPS were £2.4bn in 2020/21, up by 4.9%
- The market value of the 85 LGPS Funds at the end of March 2021 was £337.1bn, an increase of £64.7bn (23.8%).
- The LGPS encompassed 6.1 million people at the end of March 2021. Of this, 2 million are employees who still contribute to the scheme, 1.8 million are pensioners and 2.3 million are former employees who are entitled to a pension in the future.
- There were 82,936 retirements from the LGPS in 2020/21, a decrease of 6,070 (6.8%) compared with 2019/20. The overall decrease suggests that deferred benefits coming into payment are increasing but normal retirements are decreasing, and redundancy retirements are materially decreasing.

2.1.1.2 The full SF3 report can be found [here](#).

2.1.2 Section 13 Report

2.1.2.1 On 16 December 2021, the DLUHC published the Government Actuary's Department (GAD) report on the 2019 LGPS Fund valuations as required by section 13 of the Public Service Pensions Act 2013.

2.1.2.2 GAD found the scheme's financial position had strengthened since its previous review in 2016 on the back of buoyant investment returns between 2016 and 2019. The main findings of the Section 13 report are as follows:

- Compliance – Fund valuations were compliant with relevant regulations.
- Consistency – Funds had implemented GAD's 2016 recommendation to provide a standard valuation dashboard to aid readers when comparing results for different Funds. However, differences in methodology and assumptions do mean that a like for like comparison is not straightforward.
- Solvency – the size of Funds has grown considerably more than local authority budgets since 2016, so there's an increased risk of strain on employers from any future funding changes.
- Long-term cost efficiency – where relevant Funds had generally acted on GAD's 2016 recommendations on operating plans to close any deficit funding gaps. GAD highlighted four Funds they are concerned about the level or trajectory of employer contributions and the implications for taxpayers. The Cambridgeshire Fund is not one of those four Funds.

2.1.2.3 GAD's recommendations for Funds or the SAB to consider during the 2022 valuations include:

- Improve consistency in the approach to assessing emerging and existing key issues, such as recent legal judgements (McCloud) and setting employer contributions for new academies.
- Ensuring deficit recovery plans can be demonstrated to be a continuation of the previous plan.
- Continue with ongoing improvements on transparency through an expanded valuation dashboards.
- Review the governance around asset transfer arrangements from local authorities.

2.1.2.4 The full Section 13 report can be found [here](#).

2.1.3 Levelling Up the United Kingdom – White Paper

- 2.1.3.1 On 2 February 2022, the UK Government published its white paper on Levelling Up that sets out the Government’s plans to spread economic opportunities more equally across the UK. The plans are wide-ranging with the intention to address six drivers of spatial disparity across “missions”. The paper outlines the role of institutional investment in the Levelling Up agenda as providers of capital. Specifically for the LGPS, the paper notes the progress to date with the increasing investment in infrastructure from £1bn in 2016 to £21bn in 2021 (largely through the asset pools). As part of the proposals individual LGPS Funds will need to publish their plans to target up to 5% of their assets being invested in “local” projects.
- 2.1.3.2 The Scheme Advisory Board understands that the context of local refers to the UK rather than local to a particular LGPS Fund and that there will be no mandating beyond the requirement to have a plan.
- 2.1.3.3 It is expected that the government will release a consultation on this matter in the summer of 2022 which will also include the outstanding climate risk and reporting regulations and the pooling guidance.
- 2.1.3.4 Further information can be found in the white paper on page 162 - [Levelling Up the United Kingdom - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/levelling-up-the-united-kingdom).

2.2 Scheme Advisory Board

2.2.1 UN Letter about investments in the Israeli settlement economy

- 2.2.1.1 On 22 November 2021, Michael Lynk, United Nations Special Rapporteur on the Palestinian Territories sent a letter to all Pension Committee Chairmen/women. The letter asked a number of questions of LGPS administering authorities concerning investment in companies that may be involved in the Israeli settlement economy. The Scheme Advisory Board and the Local Authority Pension Fund Forum (LAPFF) met with Michael Lynk on 11 January 2022. The following statement was subsequently released by the Scheme Advisory Board:
- “The discussion was productive and it was agreed to follow up with another call in a month or so. It was made clear that LGPS Funds’ primary objective in investments is to ensure pensions are paid but they do take into account human rights issues seriously in their decisions and through LAPFF are actively engaged with many companies listed on the [United Nations] database. In that respect Mr Lynk will provide further information on the database in particular the process for removing companies from it. LGPS Fund who are considering responding to Mr Lynk may wish to reference this ongoing discussion”.*

- 2.2.1.2 Officers, in light of the ongoing national dialogue, do not at this time intend to respond to Mr Lynk’s letter which can be found [here](#).

2.2.2 Scheme member representation in Asset Pools

- 2.2.2.1 On 17 December the Scheme Advisory Board expressed its disappointment that the ACCESS asset pool continues not to have adopted SAB’s policy on including member representation in its governance arrangement. SAB urges representatives of the pool’s Funds to reconsider the position to include scheme member representation, either as full members, with, or without voting rights or as observers.

2.2.2.2 SAB subsequently amended the statement to reflect that ACCESS had complied with SAB's policy by explaining their reasons for excluding scheme members.

2.2.2.3 At the Joint Committee meeting of the ACCESS asset pool on 7 March 2022 this matter was re-considered. It has now been agreed that scheme member representatives will be allowed to attend meetings of the Joint Committee in an observer only role. The number of observers per meeting will be two representatives from three Funds on a rotating basis. The Inter Authority Agreement will need to be revised accordingly followed by the Fund's Governance and Compliance Statement and the Council's constitution.

2.3 The Pensions Regulator

2.3.1 On 18 January 2022, the Pensions Regulator (TPR) published a press release following concerns that too few schemes are reporting suspected pension scams. Failing to report suspicions of pension scams does not enable TPR to understand the scale of the problem or put in place successful interventions.

2.3.2 Reporting concerns about potential pension scams to Action Fraud is being incorporated into the relevant transfer out processes by Officers of the Cambridgeshire Pension Fund.

2.4 New legislation

2.4.1 The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021

2.4.1.1 On 8 November 2021:

- the Government published its response to the Pension Scams: empowering trustees and protecting members consultation;
- The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 were laid; and
- The Pensions Regulator published its guidance on dealing with transfer requests.

2.4.1.2 The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 took effect from 30 November 2021 and introduce further legal restrictions on the member's right to transfer out of certain pension schemes, including the LGPS.

2.4.1.3 The regulations give administering authorities of the LGPS tools to act if they have suspicions about the circumstances that have led the member to request a transfer. The member will no longer be able to insist on a statutory transfer taking place in these circumstances.

2.4.1.4 These changes will affect the payment of cash equivalent transfers for:

- Deferred members who request a statement of entitlement on or after 30 November 2021
- AVC members who elect for payment of a transfer on or after 30 November 2021
- Pension credit members (divorce benefits) who elect for payment of a transfer on or after 30 November 2021.

2.4.1.5 Officers have updated processes and documents for members impacted by these new regulations to ensure compliance.

2.4.2 The Occupational and Personal Pension Schemes (Disclosure of Information) (Requirements to Refer Members to Guidance etc) (Amendment) Regulations 2022

- 2.4.2.1 The above regulations were laid before Parliament on 17 January 2022 and come into force on 1 June 2022.
- 2.4.2.2 These regulations will require administrators of occupational pension schemes including the LGPS, to give their members, in certain cases a stronger 'nudge' to obtaining Pension Wise guidance.
- 2.4.2.3 Pension Wise is a government service from MoneyHelper that offers free, impartial pensions guidance about defined contribution pension options, such as additional voluntary contributions (AVCs).
- 2.4.2.4 Administering authorities will need to give the stronger nudge where it receives an application, or a communication in relation to an application, from a scheme member to start receiving their AVCs on or after 1 June 2022. These regulations also apply to applications from scheme members aged 50 or over to transfer out their AVCs.
- 2.4.2.5 As part of the application process, administering authorities must:
- Offer to book a Pension Wise appointment on behalf of the scheme member
 - Where the member accepts, take reasonable steps to book the appointment
 - Where the member does not accept the offer, or where the authority is unable to book the appointment despite having taken reasonable steps, gives details to the member of how to book the appointment themselves
 - Explain to the member that the authority cannot proceed with the application unless the member has attended the appointment and confirmed this to the authority, or has opted out of attending an appointment, and
 - Explain to the member that they can only opt out in respect of the application by giving (either verbally or in writing) a notification to the administering authority. The member may only give the notification in a separate communication made solely for that purpose.
- 2.4.2.6 Administering authorities must keep a record of whether, in respect of an application, the member attended a Pension Wise appointment or opted out of attending one.
- 2.4.2.7 Officers are currently reviewing the processes and documentation for scheme members who retire with AVCs and so these future changes will be incorporated as part of that review ready for implementation on 1 June 2022. Officers will also review the process for scheme members who are over the age of 50 who make an application to transfer out their AVCs to ensure full compliance with the new Regulations by the same date.

2.5 Skills and knowledge opportunities

- 2.5.1 The Public Services Pensions Act 2013 and the Pensions Regulator's Code of Practice (Governance and administration of public service pension schemes) require all members of the Pension Fund Committee to maintain the necessary skills and knowledge to undertake their role effectively.

- 2.5.2 In order to facilitate the acquisition of skills and knowledge for members of the Pension Fund Committee, appendix A lists the main events that are deemed useful and appropriate.
- 2.5.3 If members of the Pension Fund Committee would like to attend any of the events listed in appendix a please contact a member of the Fund's governance team who will make the necessary arrangements, if an invitation has not already been sent.

3. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. *Objective 1*

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

Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. *Objective 3*

To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

4. Risk Management

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

Risk	Residual risk rating
Those charged with governance are unable to fulfil their responsibilities effectively	Green
Failure to administer the scheme in line with regulations and guidance.	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

- 4.2 The Fund's risk register can be found on the Pensions website: [Cambridgeshire Pension Fund Risk Register](#).

5. Communication Implications

- 5.1 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.
- 5.2 Employers - All relevant items are communicated to scheme employers via website updates.

6. Finance & Resources Implications

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

7. Legal Implications

7.1 Not applicable

8. Consultation with Key Advisers

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

9. Alternative Options Considered

9.1 Not applicable

10. Background Papers

10.1 Not applicable

11. Appendices

11.1 Appendix 1 Schedule of training events.

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 14/3/2022

Has this report been cleared by Head of Pensions? Mark Whitby – 23/2/2022

Has the Chair of the Pension Fund Committee been consulted? Councillor Whelan – 11/3/2022

Has this report been cleared by Legal Services? Fiona McMillan – 2/3/2022

Appendix 1

The below training modules have been delivered as part of the CIPFA Core Competency Framework. Access to these modules will cease on 31 March 2022.

Date	Event Description	Audience
21 June 2021 10:00 – 12:00	Governance and Fiduciary Duty Hosted by Aon and Squire Patton Boggs on behalf of Cambridgeshire and Northamptonshire Pension Funds Virtual Training Session (recording and slides from this session have been shared)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
1 July 2021 10:00 – 12:00	Introduction to the LGPS Hosted by Aon Virtual Training Session (recording of this session is available – please see email from Laura Caudwell from Aon)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
14 July 2021 10:00 – 12:00	Pensions legislation and guidance and national guidance Hosted by Aon Virtual Training Session (recording of this session is available - please see email from Laura Caudwell from Aon)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
28 July 2021 10:00 – 12:00	Local governance and pensions procurement, contract management and relationship matters Hosted by Aon Virtual Training Session (recording of this session is available - please see email from Laura Caudwell from Aon)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
11 August 2021 10:00 – 12:00	Funding strategy and actuarial methods, and financial, accounting and audit matters Hosted by Aon Virtual Training Session (recording of this session is available - please see email from Laura Caudwell from Aon)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
25 August 2021 10:00 – 12:00	Investments – Strategy, asset allocation, pooling performance and risk management Hosted by Aon Virtual Training Session (recording of this session is available - please see email from Laura Caudwell from Aon)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers

Date	Event Description	Audience
8 September 2021 10:00 – 12:00	Investments – Financial markets and products Hosted by Aon Virtual Training Session (recording of this session is available - please see email from Laura Caudwell from Aon)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
22 September 2021 10:00 – 12:00	Pensions Administration and Communications Hosted by Aon Virtual Training Session (recording of this session is available - please see email from Laura Caudwell from Aon)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers

Past training events

Date	Event Description	Audience
8-10 December 2021	LAPFF Annual Conference Bournemouth LAPFF Annual Conference LAPFF (lapfforum.org)	Pension Committee, Pension Board, Officers, Section 151 Officers
20-21 January 2022	LGPS Governance Conference Face to Face in Bournemouth or online flyer_final.pdf (eventsforce.net)	Pension Committee, Pension Board, Officers, Section 151 Officers
1 February 2022 2.30pm Virtual	In-house/Hymans Robertson Triennial Valuation Training (the session was recorded and shared for those who were unable to attend)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
8 March 2022 10am Virtual	In-house/Aon Cyber Security Awareness Training (the session was recorded and shared for those who were unable to attend)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
9-10 March 2022	PLSA ESG Conference 2022 Online ESG Conference (plsa.co.uk)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers

Upcoming training events

Date	Event Description	Audience
24-25 March 2022	LGC Investment Seminar Cheshire LGC Investment Seminar 2022	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
13-15 June 2022	PLSA Local Authority Conference 2022 Gloucestershire Local Authority Conference (plsa.co.uk)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers

Cambridgeshire Pension Fund

Pension Fund Committee

24 March 2022

Report by: Head of Pensions

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

1. Background

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

2. Review

- 2.1 The Policy was first created and approved by the Pension Fund Committee in October 2017 and the first review carried out in January 2020. It is now deemed appropriate to carry out a further review to ensure it remains fit for purpose.
- 2.2 The purpose of the policy is to –
 - Prevent ongoing losses of funds where fraud has occurred and to maximise the potential for recovery.
 - Minimise the occurrence of fraud by taking rapid action at the earliest opportunity.
 - Minimise the chance of destruction of evidence.
 - Maximise the chances of success in future sanction action, including criminal prosecution
 - Minimise adverse publicity.
 - Act as a deterrent for potentially fraudulent activity.

2.3 Internal Audit have reviewed the policy and are content that it is comprehensive and meets the needs of the Fund.

3. Changes to the policy

3.1 The table below highlights the key proposed changes to the policy:

Section	Change	Detail of activity
6	Policy also applies to officers of the Fund	Officers were previously covered by the corporate policy; the intention is for both policies to be used in conjunction with each other.
10	The detection and prevention of fraud and corruption has been split into activities and triggers	The splitting of the table into 2 categories best describes activities that the Cambridgeshire Pension Fund undertake to help prevent fraud and triggers that prompt the Fund to take necessary action via processes in place.
10	Wording on the detection and prevention of fraud activities and triggers has been updated.	Updates have been made to ensure the information in the policy is clear and reflective of current processes.
10	Examples have been provided where deemed appropriate	Examples of fraud have been detailed to support where appropriate to help identify the issue – for example the destruction of evidence.
10	Address tracing for members residing in the UK has been removed	This activity is now instigated for pensioners and any members due to retire that the Fund has lost contact via returned post. This was previously a bulk exercise, but a more targeted approach is desired.

4. Relevant Pension Fund Objectives

To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.

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

To 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.

To continually monitor and measure clearly articulated objectives through business planning.

Deliver consistent plain English communications to stakeholders.

Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.

Ensure cash flows in to and out of the Fund are timely and of the correct amount.

5. Risk Management

5.1 The Pension Fund Committee and Pension Fund Board are expected to ensure the Fund has an appropriate Anti-Fraud and Corruption Policy in place for the safeguarding of the Fund's assets through appropriate methods of risk management.

5.2 The risks associated with not having appropriate policies in place and acting appropriately have been captured in the Fund's risk register as detailed below.

Risk	Residual risk rating
Risk of fraud and error	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

5.3 The full risk register can be found - [Key documents \(CCC\) - Cambridgeshire LGPS](#)

6. Communication Implications

Direct communications: The Fund will publish the revised policy on its website

7. Finance & Resources Implications

7.1 None

8. Legal Implications

8.1 None

9. Consultation with Key Advisers

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

10. Alternative Options Considered

10.1 Not applicable

11. Background Papers

11.1 Current Anti-Fraud and Corruption Policy 2020 version - [Key documents \(CCC\) - LGPS](#)

12. Appendices

12.1 Appendix 1 - Revised Anti-Fraud and Corruption Policy

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 14/3/2022

Has this report been cleared by Head of Pensions? Mark Whitby – 21/2/2022

Has the Chair of the Pension Fund Committee been consulted? Councillor Whelan – 11/3/2022

Has this report been cleared by Legal Services? Fiona McMillan – 2/3/2022

Anti-Fraud and Corruption Policy 2022



Administered in partnership

1. Introduction

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

2. Policy Objectives

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

3. Purpose of the Policy

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

- Act as a deterrent for potentially fraudulent activity.

4. Effective date

4.1 The policy was first approved by the Pension Fund Committee on 19 October 2017 and subsequently approved on 14 January 2020 and xx/xx/xxxx following review.

5. Review

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

6. Scope

6.1 This policy applies to –

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

7. Culture

7.1 The administering authority promotes a zero-tolerance approach towards fraud, corruption and other malpractice for personal gain. Dishonesty, lack of integrity avoidance of controls and failure to comply with agreed policies will not be tolerated.

7.2 The prevention/detection of fraud/corruption and the protection of the public funds are everyone's responsibility and of paramount importance to the authority.

7.3 Concerns must be raised when members or employees reasonably believe that one or more of the following has occurred, is in the process of occurring or is likely to occur:

- a criminal offence.
- a failure to comply with a statutory or legal obligation.
- improper unauthorised use of public or other funds.
- a miscarriage of justice.
- maladministration, misconduct, or malpractice.
- deliberate concealment of any of the above.

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

7.5 When fraud or corruption have occurred because of a breakdown in systems or procedures, the administering authority will ensure that appropriate improvements are implemented to prevent a reoccurrence.

8. Responsible Officers

8.1 The Head of Internal Audit – The Head of Internal Audit has a duty to monitor instances of financial irregularities within the Council as a whole, and to report certain details to external bodies, such as External Audit. The Head of Internal Audit also has a duty to ensure that appropriate investigations are carried out.

8.2 Section 151 Officer – Under section 151 of the Local Government Act 1972 and Section 73 of the Local Government Act 1985 the Section 151 Officer has a statutory duty to ensure that there are proper arrangements in place to administer the Council's financial affairs (as the administering authority).

8.3 Director of Finance – The Chartered Institute of Public Finance and Accountancy (CIPFA) statement on the role of the Chief Finance Officer/ Director of Finance (CFO) lists one of the CFO's core responsibilities as 'implementing appropriate measures to prevent and detect fraud and corruption'.

9. Deterrence

9.1 The publication of this Anti-Fraud and Corruption Policy and regularly reinforcing that the administering authority operates a zero-tolerance approach will help deter those considering perpetrating fraudulent activity.

9.2 Where any loss is incurred to fraud and corruption the administering authority will take action to recover monies owed.

9.3 Managers are expected to conduct risk reviews of the systems and procedures for which they are responsible and proactively update where weakness has been identified.

9.4 Pension Fund Committee and Pension Fund Board members receive regular reports on Internal Audit activity, and these will include summary details of investigations into allegations of fraud and financial impropriety.

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

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

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

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

Cambridgeshire Pension Fund

Activity	Detail of activity	Responsibility
Annual proof of existence for overseas pensioner members	All pensioner members are asked to complete and return a proof of existence form (witnessed by a suitably qualified professional).	Officers are responsible for conducting this exercise and suspending the ongoing of pension of payment for nil returns until contact has been made or notification that the scheme member has died. The Head of Pensions will be notified if any potentially fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.
Reconciliation of Employer and Employee contributions	It is a statutory requirement for employers to pay both employee and employer contributions to the Fund by the 19 th of the month following deduction. If the contributions are not paid it could indicate improper use of employee contributions in addition to the failure to comply with a statutory obligation.	Investigations by Officers will be carried out by the end of the month following non-receipt of contributions and irregularities between payments and schedules. Relevant cases are escalated in line with the Payment of Employee and Employer Pension Contributions Policy. The Head of Pensions will be notified if any potentially fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.
Internal Audit Reviews	Internal Audit plays a vital preventative role in trying to ensure that systems and procedures are in place to prevent and detect fraud and corruption. They liaise with management to recommend changes in procedures to prevent further losses to the Fund.	Internal Audit conduct annual reviews from which the findings are presented to the Pension Fund Committee and Pension Fund Board. Relevant actions will be addressed by the Head of Pensions. The Head of Pensions will be notified if any potentially fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.
External Audit Reviews	Independent external audit is an essential safeguard in the stewardship of public money. External auditors are always alert to the possibility of fraud and irregularity and will act without undue delay if grounds for suspicion come to their notice.	External Audit will conduct annual reviews from which the findings are presented to the Pension Fund Committee and Pension Fund Board. Relevant actions will be addressed by the Head of Pensions. The Head of Pensions will be notified if any potential fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.

Cambridgeshire Pension Fund

Activity	Detail of activity	Responsibility
Managing Conflicts of Interest	Pension Fund Committee and Pension Fund Board members must ensure that they avoid situations where there is a potential for a conflict of interest. Declarations ensure potential conflicts are identified and dealt with appropriately mitigating the risk of fraudulent activity.	Pension Fund Committee and Pension Fund Board members are required to declare potential conflicts at the start of each meeting. Democratic Services are responsible for ensuring all declarations are held on the Council's register.

10.2 The below table demonstrates the triggers that would instigate action by Cambridgeshire Pension Fund to mitigate the likelihood of fraud and corruption occurring –

Trigger	Detail of trigger	Responsibility
Evidence received suggests pensioner member is no longer at the address held on record	Returned post (including pensioner payslips) suggests that the scheme member no longer resides at that address.	The member's record will be immediately marked as gone away as to prevent any further information being sent to that address. The member payroll record will also be immediately suspended. Officers will use the Fund's mortality screening and address tracing provider to obtain either a new address or receive confirmation that the scheme member has passed away. The Head of Pensions will be notified if any potentially fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.
Evidence received suggests any other type of scheme member is no longer at the address held on record	Returned post (including pensioner payslips) suggests that the scheme member no longer resides at that address.	The member's record will be immediately marked as gone away as to prevent any further information being sent to that address. No immediate attempts to establish a new address or that the scheme member is still alive will be made unless the scheme member is within 1 year of retirement. However, the Head of Pensions will be notified if any potentially fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.

Cambridgeshire Pension Fund

Trigger	Detail of trigger	Responsibility
Returned BACS payments	<p>BACS payments returned to the Fund by the recipient's bank/building society shortly after the payment date if the account has closed or an error has occurred. The returned payment could be due to a change of bank details or death of the scheme member.</p>	<p>Investigations to be carried out by Officers within one month of the returned payment. The member payroll record will be suspended until contact is re-established with the scheme member or confirmation of the member's death. Officers will use the Fund's mortality screening and address tracing provider to obtain either a new address or receive confirmation that the scheme member has passed away. The Head of Pensions will be notified if any potentially fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.</p>
Falsification/non-submission of documents (Scheme member)	<p>Scheme members may provide incorrect information for financial gain.</p> <p><i>An individual other than the member may have completed the claim forms and inserted their own bank details, for example.</i></p>	<p>All birth, death and marriage/civil partnership certificates need signing and verifying by the individual submitting them. All benefits need to be claimed via a signed declaration form. Officers are responsible to carrying out the necessary security checks before benefits are paid. The Head of Pensions will be notified if any potentially fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.</p>
Falsification/non-submission of documents (Scheme employer)	<p>Scheme employers may provide the service with incorrect data in order to gain financially.</p> <p><i>An employer may provide incorrect information to reduce the impact to the employer such as understate an employees pay to reduce strain costs, for example.</i></p>	<p>Data verification checks to look for inconsistencies. Data matched against contribution information for the valuation carried out by the actuary. Electronic signatures are only accepted from a verified email address from authorised personnel. The Head of Pensions will be notified if any potentially fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.</p>

Trigger	Detail of trigger	Responsibility
Pension Fund Staff maladministration	<p>Personal information (e.g. bank details) may be misused by Pension Fund Staff for personal financial gain.</p> <p><i>The bank details used to process the benefits could be different to the ones on the claim form and therefore paying an incorrect individual, for example.</i></p>	<p>It is the responsibility of the Officer releasing the payment generated by another Officer to ensure the payment is of the correct amount and to the correct individual.</p> <p>The Head of Pensions will be notified if any potentially fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.</p>
Destruction of evidence	<p>There is a clear separation of duties between employees and all calculations and payments are checked at a more senior level. The pensions Altair system report can identify all changes/deletions on all member records if required.</p> <p><i>A deletion could be to hide a fraudulent activity such as collusion between a member of staff and member of the Fund to receive enhanced benefits, for example.</i></p>	<p>Officers are responsible for keeping accurate member records. The Altair Pensions Administration and Payroll platform can track changes on all member records and any suspicious activity can be investigated through a system report. The Head of Pensions will be notified of any tampering with records and will subsequently inform the Head of Internal Audit; Human Resources and the Section 151 Officer for appropriate action under corporate policy immediately.</p>

10.2 The Public Interest Disclosure Act 1998 (the “Act”) places a legal responsibility on employers to ensure that matters of serious public concern can be addressed

10.3 A ‘qualifying disclosure’ is any disclosure of information that is made in the public interest and in the reasonable belief of the individual may show that one or more of the following is either happening at the present time, took place in the past or is likely to happen in the future:

- a criminal offence
- a miscarriage of justice

- an act creating risk to health and safety
- an act causing damage to the environment
- a breach of any other legal obligation; or
- concealment of any of the above

- 10.4 In making the disclosure, an individual must have a reasonable belief that the information disclosed shows one or more of the offences or breaches listed above. The belief need not be correct, but the individual must show that they held the belief and that it was a reasonable belief, in the circumstances, at the time of the disclosure.
- 10.5 Many fraudulent activities are discovered by chance or ‘tip off’ and the administering authority promotes the Whistleblowing policy to encourage and enable these to be reported.
- 10.6 Members of the public are encouraged to report any concerns which they may have through the external Whistleblowing process or by using the Fund complaints procedure.

11. Investigation

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

This is essential to the policy, to:

- ensure the consistent treatment of information regarding fraud and corruption.
- facilitate a proper and thorough investigation by an experienced audit team, in accordance with the requirements of the CPIA and PACE codes of practice.

- 11.2 Internal Audit carries out investigations and follows up appropriately as per the authority’s corporate policy. Fraud is a serious offence and is covered by the Fraud Act 2006.

12. Sanctions

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

13. Related Documents

- 13.1 The Cambridgeshire County Council Anti-Fraud Policy and Fraud Policy - [Fraud and corruption - Cambridgeshire County Council](#)
- 13.2 The National Fraud Initiative –

[National Fraud Initiative - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

13.3 Fighting Fraud and Corruption Locally –

[Fighting fraud and corruption locally | Local Government Association](#)

13.4 CPIA Code of Practice -

[Criminal Procedure and Investigations Act Code of Practice - GOV.UK \(www.gov.uk\)](#)

13.5 The Fraud Act 2006 –

[Fraud Act 2006 \(legislation.gov.uk\)](#)

14. Contact details

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

Mark Whitby
Head of Pensions

Joanne Kent
Governance and Regulations Manager

Mark.whitby@westnorthants.gov.uk

Joanne.kent@westnorthants.gov.uk

Cambridgeshire Pension Fund

Pension Fund Committee

Date: 24 March 2022

Report by: Head of Pensions

Subject: Pension Fund communications plan 2022/23

Purpose of the report: To present the communications plan for the 2022/23 Scheme year.

Recommendation: The Pension Fund Committee is asked to:
Approve the Fund's communications plan for 2022/23.

Enquiries to: Cory Blose, Employer Services & Communications Manager
cory.blose@westnorthants.gov.uk

1. Background

- 1.1 Regulation 61 of the Local Government Pension Scheme Regulations 2013 state that an administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with members and scheme employers.
- 1.2 The communications plan for 2022/23 details the communications activities to be undertaken within the scheme year and can be found in appendix 1 of this report.

2. Key activities

- 2.1 The communications plan included as appendix 1 outlines our planned communication activities for the year, on a monthly basis, for each of our stakeholders.
- 2.2 The communications plan shows our intention to trial communications segmented by life stage like retirement planning for the over 50s and a follow up communication for new starters to the Fund, reminding them of key activities that they should consider like transferring in a previous pension.
- 2.3 It also highlights our planned engagement with key stakeholders on our website review.
- 2.4 With 2022 being a valuation year, it outlines our plan to consult with employers on our fund strategy statement and to follow up with an employers forum for further engagement.
- 2.5 The plan also includes timings for issuing statutory communications and cyclical newsletters, surveys, employer training, and web updates.

3. Relevant Fund objectives

- To promote the scheme as a valuable benefit.
- To deliver consistent plain English communications to stakeholders.
- To provide scheme members with up to date information about the scheme in order that they can make informed decisions about their benefits.
- To seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.

4. Risk management

4.1 We are required by legislation to prepare, maintain and publish a written statement setting out our policy concerning communications with members and scheme employers.

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

Risk	Residual risk rating
Information may not be provided to stakeholders as required.	Green
Failure to administer the scheme in line with regulations and guidance	Green

4.3 Please see the full version of the risk register on the [key documents page of our website.](#)

5. Communication implications

5.1 The communications plan will be updated on an annual basis and will be presented to the Pension Fund Committee in quarter four of each scheme year.

6. Finance & resources implications

6.1 There are no direct finance and resourcing implications of this plan. Ongoing communication costs are picked up in the administration budget.

6.2 Our drive to increase electronic communications should save costs in the long term.

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 Our communications strategy can be found on the [key documents page of our website](#).

11. Appendices

11.1 Appendix 1 – communications plan 2022/23.

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 14/3/2022

Has this report been cleared by Head of Pensions? Mark Whitby – 23/2/2022

Has the Chair of the Pension Committee been consulted? Councillor Whelan – 11/3/2022

Has this report been cleared by Legal Services? Fiona McMillan – 2/3/2022

Communications plan 2022/23

Month	Active members	Scheme employers	Prospective members	Deferred members	Retired members	Dependant members	Fund staff
APR	Member survey. LGA new website launch.	Employer responsibilities training LGA new website launch Valuation communication.	LGA new website launch.	Member survey. LGA new website launch.	Member survey. LGA new website launch.	Member survey. LGA new website launch.	LGA new website launch.
MAY	Member survey.	Pensionable pay & i-Connect training. Outsourcing and TUPes training.		Member survey. Annual benefit statement communications. Online pension account promotion. Newsletter. Anti-Fraud communication.	Payslip – online pension Member survey.	Payslip – online pension Member survey.	Pensions service meeting.
JUN	Member survey. Website review. Planning for retirement communication and webinar.	Discretions training. Employer newsletter. Website review.	Website review.	Member survey. Website review. Planning for retirement communication.	Member survey. Website review.	Member survey.	Website review.

Month	Active members	Scheme employers	Prospective members	Deferred members	Retired members	Dependant members	Fund staff
JUL	Online pension account promotion. Member survey.	Employer responsibilities training.	Online pension account promotion.	Member survey.	Member survey.	Member survey.	Pensions service meeting.
AUG	Annual benefit statement communication. Online pension account promotion. Anti-Fraud communication. Newsletter. Member survey.	Active annual benefit statement comms materials for employers. Anti-Fraud communication.	Online pension account promotion.	Member survey.	Member survey.	Member survey.	
SEPT	Online pension account promotion. Member survey. Follow up communication for new starters.	Ill-health retirement training. Active annual benefit statement comms materials for employers. Pensionable pay & i-Connect training. Employer newsletter.	Online pension account promotion.	Member survey.	Member survey.	Member survey.	Pensions service meeting.
OCT	Member survey. Pension saving statements. Website review.	Employer responsibilities training. Outsourcing and TUPes training. Website review.	Website review.	Member survey. Website review.	Member survey. Website review.	Member survey. Website review.	Website review.

Month	Active members	Scheme employers	Prospective members	Deferred members	Retired members	Dependant members	Fund staff
NOV	Member survey.	Fund strategy statement consultation. Individual employer valuation results and draft contribution rates. Employer forum.		Member survey.	Member survey.	Member survey.	Pensions service meeting.
DEC	Member survey.	Pensionable pay & i-Connect training. Employer contribution rate consultations		Member survey.	Member survey.	Member survey.	
JAN	Member survey.	Employer responsibilities training. Employer contribution rate consultations. Employer survey.		Member survey.	Member survey.	Member survey.	Pensions service meeting.
FEB	Member survey.	Pensionable pay & i-Connect training. Confirmation of final employer contribution rates. Discretions training. Employer newsletter.		Member survey.	Member survey.	Member survey.	Confirmation of final employer contribution rates.

Month	Active members	Scheme employers	Prospective members	Deferred members	Retired members	Dependant members	Fund staff
MAR	Member survey. Valuation report and rates and adjustments certificate.	Ill health training. Valuation report and rates and adjustments certificate.		Member survey. Valuation report and rates and adjustments certificate.	Newsletter – All schemes Payslip – online pension promotion Member survey. Valuation report and rates and adjustments certificate.	Newsletter – All schemes Payslip – online pension promotion Member survey. Valuation report and rates and adjustments certificate.	Pensions service meeting. Valuation report and rates and adjustments certificate.
Ad hoc Comms	Website updates	Training Workshops Pension Bulletins Website updates Valuation Report (every 3 yrs)	Promotional Posters Website updates	Website updates	Website updates	Annual review of entitlement – May/June. Website updates	Website updates

Cambridgeshire
Pension Fund

Pension Fund Committee
24 March 2022

Report by: Head of Pensions

- Subject: Employer Admissions and Cessations Report
- Purpose of the Report: 1. To report the admission of two admitted bodies to the Cambridgeshire Pension Fund
2. To notify the Committee of six bodies ceasing participation in the Cambridgeshire Pension Fund
- Recommendations: That the Pension Fund Committee
1. Notes the admission of the following admitted bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreements:
- Easy Clean Contractors Limited
 - Lunchtime Company Limited x 5
2. Notes the cessation of the following bodies from the Cambridgeshire Pension Fund:
- ABM Catering Limited
 - Clean Slate Limited
 - Compass Contract Service (U.K.) Limited
 - Easy Clean Contractors Limited
 - Nourish Contract Catering Limited
 - Romsey Mill Trust
- Enquiries to: Name – Cory Blose, Employer Services and Systems Manager
Tel – 07990 560829
E-mail – cory.blose@westnorthants.gov.uk

1. Background

- 1.1 The Local Government Pension Scheme Regulations 2013 (as amended) provide for the participation of a number of different types of body in the Local Government Pension Scheme; scheduled bodies, designating bodies, and admission bodies.
- 1.2 This report provides an update on admissions to and cessations from the Cambridgeshire Pension Fund since the last meeting of the Pension Fund Committee.

2 New Admission Bodies

- 2.1 Paragraph 1 of Part 3 of Schedule 2 to the Regulations provides for an Administering Authority making an admission agreement with an admission body, enabling employees of the admission body to be active members of the Local Government Pension Scheme.
- 2.2 A body which falls under paragraph 1(d)(i) of Part 3 of Schedule 2 is an admission body that is providing a service, in connection with the function of a scheme employer, as the result of a transfer of service or assets by means of a contract or other arrangement.
- 2.3 The Regulations require that applications for bodies, assessed by officers as complying with paragraph 1(d)(i), and who agree to meet the terms of the admission agreement must be accepted. The Regulations also allow Funds to enter into backdated admission agreements.
- 2.4 The Pension Fund Committee is asked to note the admission of the following bodies into the Cambridgeshire Pension Fund under paragraph 1(d)(i) and to approve the sealing of the admission agreements.

Date	New Admission Body	Background information
06/01/2020	Easy Clean Contractors Limited (Thomas Deacon Academy, Warboys Primary School, Welbourne Primary School, and Richard Barnes Academy)	Thomas Deacon Education Trust entered into a contract with Easy Clean Contractors Limited to provide catering services in their academies. As a result, a group of staff were transferred to the new admission body and a full admission agreement has been put in place. The arrangement is 'ajar' to incorporate the different transfer dates of the staff under the same service contract. This agreement has been backdated to 6 January 2020 and the backdated contributions have been collected.

Date	New Admission Body	Background information
01/04/2021	<p>Lunchtime Company Limited</p> <p>4 separate admission agreement for their service contract with the following Cambridgeshire LEA schools;</p> <ul style="list-style-type: none"> • Fordam Primary School • Great Wilbraham Primary School • Isleham Primary School • Teversham Primary School 	<p>Lunchtime Company Limited entered into separate contracts with 4 Cambridgeshire LEA maintained schools in 2018 to provide catering services. As a result a group of staff were transferred to Lunchtime Company Limited, but the staff were enrolled into a scheme broadly comparable to the LGPS. In April 2021 the staff were removed from the broadly comparable scheme and Lunchtime Company Limited asked to be admitted to the LGPS. Separate backdated admission agreements have been entered into for each contract. The Employer's contributions rate assessment is still on-going and the backdated contributions will be collected once the rate is confirmed.</p>
01/09/2018	<p>Lunchtime Company Limited</p> <p>(Ely St Johns Primary School)</p>	<p>Lunchtime Company Limited entered into a contract with Ely St Johns Primary School, a Cambridgeshire LEA School, to provide catering services. As a result, a group of staff were transferred to the new admission body. Admitted body status was not requested at that time. The employer has since requested a backdated admission into the Fund and has agreed to meet the requirements of the Regulations, The Committee therefore must admit this employer to the Fund as required by the Regulations. A full admission agreement has been put in place and backdated to the transfer date. The Employer's contributions rate assessment is still on-going and the backdated contributions will be collected once the rate is confirmed.</p>

3. Cessations

3.1 ABM Catering Limited (Priory Junior School)

- 3.1.1 ABM Catering Limited were admitted to the Fund under a pass through agreement on 1 January 2020 after entering a contract to provide catering services to Priory Junior School.
- 3.1.2 On 26 October 2021, the last active member left the scheme. No exit payment or credit will be required as the pension liabilities were retained by Cambridgeshire County Council.

3.2 Clean Slate Limited (Histon Early Years Centre)

- 3.2.1 Clean Slate Limited were admitted to the Fund under a pass through agreement on 1 June 2018 after entering a contract to provide cleaning services to Histon Early Years Centre.

- 3.2.2 On 31 October 2019, the last active member left the scheme. No exit payment or credit will be required as the pension liabilities were retained by Cambridgeshire County Council.
- 3.3 **Compass Contract Services (U.K) Limited (DEMAT)**
- 3.3.1 Compass Contract Services (U.K) Limited were admitted to the Fund under a pass through agreement on 30 October 2018 after entering a contract to provide catering services to academies under the Diocese of Ely Multi Academy Trust.
- 3.3.2 The service contract with the Diocese of Ely Multi Academy Trust ended on 31 December 2021. No exit payment or credit will be required as the pension liabilities were retained by the Diocese of Ely Multi Academy Trust.
- 3.4 **Easy Clean Contractors Limited (Arbury Primary School)**
- 3.4.1 Easy Clean Contractors Limited were admitted to the Fund under a pass through agreement on 1 January 2020 after entering a contract to provide cleaning services to Arbury Primary School.
- 3.4.2 On 30 September 2021, the last active member left the scheme. No exit payment or credit will be required as the pension liabilities were retained by Cambridgeshire County Council.
- 3.5 **Easy Clean Contractors Limited (Godmanchester Community School)**
- 3.5.1 Easy Clean Contractors Limited were admitted to the Fund under a pass through agreement on 1 June 2016 after entering a contract to provide cleaning services to Godmanchester Community School.
- 3.5.2 The service contract with Godmanchester Community School ended on 15 October 2021. No exit payment or credit will be required as the pension liabilities were retained by Cambridgeshire County Council.
- 3.6 **Nourish Contract Catering Limited (All Saints Inter-Church Academy)**
- 3.6.1 Nourish Contract Catering Limited were admitted to the Fund under a pass through agreement on 1 October 2018 after entering a contract to provide catering services to All Saints Inter-Church Academy.
- 3.6.2 The service contract with All Saints Inter-Church Academy ended on 31 March 2021. No exit payment or credit will be required as the pension liabilities were retained by All Saints Inter-Church Academy Trust.
- 3.7 **Romsey Mill Trust**
- 3.7.1 Romsey Mill Trust were admitted to the Fund under a pass through agreement on 3 December 2018 after entering a contract to run Ross Street Community Centre for Cambridge City Council.
- 3.7.2 On 3 February 2022, the last active member left the scheme. No exit payment or credit will be required as the pension liabilities were retained by Cambridge City Council.

4. Relevant Pension Fund Objectives

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

Objective 2

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

Ensure appropriate exit strategies are put in place in both the lead up to and termination of a scheme employer. *Objective 7*

5. Risk Management

5.1 The Pension Fund Committee are responsible for approving some admission bodies into the Fund as well as monitoring all admissions and cessations.

5.2 The risks associated with failing to monitor admissions and cessations have been captured in the Fund's risk register as detailed below.

Risk	Residual risk rating
Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	Green
Failure to administer the scheme in line with the regulations.	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making.	Green
Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met.	Green

5.3 The Fund's full risk register can be found on the Fund's website:

[Pension Fund Risk Register hyperlink](#)

6. Finance & Resources Implications

6.1 Actuarial costs incurred by obtaining a calculation of the employer's contribution rate and opening funding position at commencement are recharged directly to the employer.

6.2 The employer contribution rate contains an allowance for administration charges, and the employer is charged a fee to recover the Funds administration costs of on boarding new employers and terminating ceased employers. This means that admissions and cessations should be cost neutral.

6.3 Employers who are unable to pay monies due during the course of active membership may result in unpaid liabilities being borne by other employers in the Fund.

7. Communication Implications

Direct Communications - Direct communications will be required to facilitate employer start up in the LGPS.

Direct communications will be required with the exiting employers.

Training - Training will need to be provided to new employers on a number of LGPS issues.

Website - New employers are given access to the employer's guidance available on the pension's website.

8. Legal Implications

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

9. Consultation with Key Advisers

- 9.1 Contribution rate and bond assessments are undertaken by Hymans Robertson, the Fund Actuary.
- 9.2 A precedent admission agreement has been drafted by Eversheds, specialist pension legal advisers in consultation with LGSS Law.
- 9.3 Advice was received from the Fund's legal advisers, Squire Patton Boggs, on individual admission cases, where required.

10. Alternative Options Considered

- 10.1 None available.

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