

# CAMBRIDGESHIRE PENSION FUND BOARD



**Friday, 26 April 2024**

**Democratic and Members' Services**  
Emma Duncan  
Service Director: Legal and Governance

**10:00**

New Shire Hall  
Alconbury Weald  
Huntingdon  
PE28 4YE

**Virtual Meeting**  
**[Venue Address]**

## **AGENDA**

**Open to Public and Press**

- 1 Apologies for absence and declarations of interest**  
*Guidance on declaring interests is available at*  
<http://tinyurl.com/cc-conduct-code>
- 2 Public Cambridgeshire Pension Fund Board Minutes 26 January 2024** **5 - 14**
- 3 Administration Report** **15 - 30**
- 4 Annual Business Plan and Medium - Term Strategy** **31 - 64**
- 5 Governance and Compliance Report** **65 - 78**
- 6 Communications Plan** **79 - 84**
- 7 Equality, Diversity and Inclusion Report** **85 - 96**

- 8 **Cashflow Projections Report** 97 - 124
- 9 **Cambridgeshire Pension Fund Board Agenda Plan** 125 - 126
- 10 **Exclusion of Press and Public**
- To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed information relating to the financial or business affairs of any particular person (including the authority holding that information)*
- 11 **AVC Report - CONFIDENTIAL**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 12 **Risk Monitoring - CONFIDENTIAL**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 13 **ACCESS Update CONFIDENTIAL**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

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The Cambridgeshire Pension Fund Board comprises the following members:

Councillor Denis Payne (Chair) Mr Barry O'Sullivan (Vice-Chair) Councillor Simon King  
Val Limb and Councillor Geoffrey Seeff

Clerk Name:	Sophie Rankine
Clerk Telephone:	
Clerk Email:	Sophie.Rankine@cambridgeshire.gov.uk



## Cambridgeshire Pension Fund Board Minutes

Date: 26 January 2024

Time: 10:00am – 12:30pm

Venue: Virtual Meeting

Present: Employer Representatives: Councillor Geoffrey Seeff and Councillor Simon King

Employee Representatives: Barry O’Sullivan [Vice-Chair] and Councillor Denis Payne [Chair]

Officers: Michelle Oakensen, Fiona Coates, Mark Whitby, Dawn Cave and Sophie Rankine

### 128. Apologies for Absence and Declaration of Interest

Apologies for absences were received from Val Limb.

There were no declarations of interest.

### 129. Minutes and Action Log November 2023

The minutes of the meeting held on the 3 November were approved as a correct record.

The Board noted the Action Log.

### 130. Pension Fund Committee Minutes December 2023- CONFIDENTIAL

The Board noted the minutes.

### 131. Pension Fund Investment Sub-Committee 16 November 2023 minutes- CONFIDENTIAL

The Board noted the minutes.

### 132. Pension Fund Annual Report and Statement of Accounts 2022-23

The Board received a report which presented the Audit Plan, final Annual Report and Statement of Accounts and Result Report for the 2022-23 financial year.

The report covered: key risks (largely unchanged from last year), the valuation of Level 2 and Level 3 investments, the management override of controls and actuarial present values of promise retirement benefit. Materiality was set at 1% of assets (approximately £42M). Ernst & Young (EY) would report any audit difference over £2.1M. The Annual

Report and Statement of Accounts had been reviewed and considered by both the Audit and Accounts Committee and the Pension Fund Committee. The Results Report Accounts were clear of material and immaterial misstatements. EY's audit opinion was that the accounts had been properly prepared in accordance with Code of Conduct. There were two corrected differences: one from Cambridge and Counties Bank (CCB), the Fund did not receive the valuation in time before publishing the accounts. The adjustment was a decrease of £15.7 million from prior to current year. Also, the Level 3 evaluation adjustment of £12.8 million. It was noted that 2022-23 was EY's final year as external auditor.

Individual Members raised the following points in relation to the report:

- Commented on the issue of climate change; the report showed the effect of three to four degrees increase in global warming, but this would be an extinction event, and should not be included. The officer stated they would raise this with Mercer who produced the report. **Action Required.**
- Informed the Board about a discussion that occurred in the Audit and Accounts Committee and Full Council regarding the valuation of 165% fully funded and whether there should be a reduction in contributions. It was concluded, in Full Council and Audit and Accounts, that it would be imprudent to change contributions until there were permanent increases which could justify a reduction. Another Member stated it would be best not to be complacent. Officers clarified that the whole Pension Fund was 165% fully funded but each employer is at their own level of funding. They were aware that some employers would want to challenge this but would have to do so under the relevant regulations. It was clarified that for a Local Authority, a Section 114 notice would not be seen as a change in covenant, as they are a tax raising body.
- A Member requested that these comments could be circulated to councillors by email. The officer responded that it would have to be done with the Executive Director of Finance and Resources authority and there would need to be legal/professional advice. This would need to be considered at Pension Fund Committee- **Action Required.**

It was resolved unanimously to:

Note the report.

### 133. Administration Performance Report

The Cambridgeshire Pension Fund Board received an Administration Performance Report for the period 1 October to 31 December 2023. The report noted the payment of retirement benefits from active employment target had increased from five to ten working days. This was still quicker than the average target based on Chartered Institute of Public Finance and Accountancy (CIPFA) benchmarking which was fifteen working days regarding that specific Key Performance Indicator (KPI). Analysis was conducted in October and showed that the team processed cases on an average 6.6 working days, therefore the increase to ten days seemed reasonable. There had been a

restructure in the operations team to allow for more flexibility for the checks; they changed from four teams to two teams. The officer indicated to Members that high rates of sickness may affect January KPIs.

Customer Journey KPIs: some were straight forward indicators as they had fewer contact points and contained automated processes. Complex KPIs, such as active retirement, were harder to analyse as information had to be gathered from different contact points.

It was noted that the Table 8.3 heading was incorrect, and the second Internal Dispute Resolution Procedure (IDRP) had been sent on the deadline. With regard to the overpayment listed in Section 10, the invoice had been paid and there were no outstanding actions.

Individual Members raised the following points in relation to the report:

- Commended the team on the impressive amount of work and the complexity. It was unsurprising that some KPIs were missed.
- Questioned the six informal complaints and queried what they were in relation to? The officer agreed to circulate this information to Members after the meeting - **Action Required.**
- Queried the impact of the McCloud remedy. The officer replied that there would be an impact on workload, but the remedy is only likely to affect very few members. How to capture members with previous public service was still in discussion and guidance was awaited. The financial impact was expected to be minimal.
- Commented on non-material breaches and asked officers when the government would change legislation relating to removing the 5-year requirement on refund payments? The officer replied that it would hopefully be sometime this year.
- Noted that Cross Keys Homes were no longer an active employer. The officer replied that they had been reducing their active membership for some time.

It was resolved unanimously to:

Note the Administration Performance Report.

#### 134. Pension Fund Annual Business Plan Update Report 2023/24

The Cambridgeshire Pension Fund Board received a report which updated them on the Business Plan.

Hymans Robertson had been awarded the supplier for Benefits and Governance Consultancy Services, which was previously with AON.

The Actuarial Consultancy Services procurement had identified a preferred supplier and were in the standstill period. There had been a competitive process with two suppliers.

The Legal Services procurement had concluded with Squire Patton Boggs being reappointed.

Guaranteed Minimum Pension Rectification had an amber status as there had been a delay, but it would be concluded within quarter one of 2024-25.

Application of the McCloud age discrimination remedy received an amber RAG status as national guidance was awaited. It would be reprofiled in the next Business Plan and was estimated to be a two-year project.

The processing of undecided leavers records received an amber status, as although good progress had been made, it had slowed down in September. Next year would be pressurised for the team as pace would be an issue. The new Business Plan, however, would ask for additional resources regarding Business as Usual (BAU).

Implementation of recommendations from the review of the website was amber as officers had been informed that the contractor had run into issues around Christmas. It was estimated that development would be completed in quarter one and the website would be launched in quarter two, resulting in approximately a quarter delay.

Individual Members raised the following points in relation to the report:

- In response to a question, noted that quarter one referred to quarter one in the financial year.
- Queried if ACCESS development would affect the work of the actuarial consultants and those involved in investment decisions. The officer informed Members that it would not directly impact actuarial work, but it would affect investment consultants' work. The aim to pool all assets would restrict options available but options should be the best available. The only time, generally, there would not be a suitable investment option to select from in ACCESS, would be if there had been a change in the Fund's strategic needs. This would require the pool to go through a process to put an option in place; the pool had proven it could do this e.g. long lease property. The Member then questioned if it would save costs? The officer responded that some listed allocations had moved into non-listed funds, which resulted in higher base fees; therefore, it was hard to compare cost and savings. The officer commented that they looked at costs prior to pooling and after, and it demonstrated how cost-effective pools were. Officers agreed to recirculate how savings were calculated – **Action Required**.
- Congratulated the team on the absence of reds in the RAG status, and for effectively explaining the ambers.

It was unanimously resolved to:

Note the Business Plan Update.



## 135. Governance and Compliance Report

The Board received a report on a range of governance and compliance issues.

Information had started to be released nationally regarding Pensions Dashboard. This was currently not in the public domain but was due to be published in spring 2024. The original plan had been halted but had resumed with a new schedule. Work streams had been put into place to ensure a wide coverage on the Dashboard, and these were outlined. The Pension Regulators had issued a checklist and that would be updated and brought back to the Board at a future meeting.

The McCloud remedy: cases from 1<sup>st</sup> October 2023 were treated as Business as Usual and with a few manual interventions in place. A project group was also in place for any queries. All disclosure requirements were met in December and people were contacted by appropriate methods. The expected difficulty would be with rectification. In October, the Department for Levelling Up, Housing and Communities (DHLUC) circulated a draft prioritisation policy, due to be issued in early 2024. The administration guidance had been split into several stages due to the complexities of the remedy, and these stages were outlined.

Training had been delivered regarding investment reforms. In November 2023, DHLUC published a response to the consultation, which resulted in the measures proposed being put forward, largely unchanged.

The General Code of Practice was recently laid in Parliament and was expected to come into force on 27<sup>th</sup> March 2024. There were five main areas; each area would have multiple modules, but not all would be applicable to Local Government Pension Scheme (LGPS). From April, it would be expected that the team should be in a good position to check compliance against the code and deal with any changes accordingly, in due course. The findings of the review would be shared with the Board. Most of the code was consolidation of what was already in place, and work had started on additional areas such as cyber resilience and scams.

Individual Members raised the following points in relation to the report:

- Commended the comprehensive report.
- Queried the implications of the Court of Appeals decision on dealing with the disputes Ombudsman. The officer clarified that some cases that were referred to The Pensions Ombudsman (TPO) would be affected and there would be delays as there was an extra step of going through County Courts. This would affect cases where the Fund required money from an individual due to an overpayment. It was not a question about the Ombudsman reaching decisions but focusing on enforcement. Members were reassured that the decision was very specific to overpayment cases and would have a limited impact on the Fund.

Mr O'Sullivan provided an update from the Governance Conference, which he found very useful:

- The Ombudsman informed Members that in the past if a case was referred to them and there would be a long wait. There had been a reorganisation and now they were receiving fewer cases, so they were making their way through their backlog. The extra step had also been discussed.
- Updates on the Scheme Advisory Board (SAB) and the Local Government Pension Committee (LGPC) provided an update. They had appointed a new Labour Chair. There was the merging of Funds.
- New qualifications had been developed: Level two and Level three.
- Legal update regarding the General Codes that had been recently released.
- Department of Work and Pensions (DWP) had a review of transfer regulations. It was flagged to Money Helper as legislation was poor and caused delays.
- Highlighted importance of cyber security. National Cyber Security Centre spoke about consequences of data breaches and ensuring Funds were secure. The review of passwords; using three random words or two factor authentication.
- Changed Lifetime Allowance were a priority.
- Mansion House proposals.
- DHLUC stated similar issues to SAB.
- Review of Funds due to be published in Summer/Autumn 2024. There would be an engagement stage at the beginning of 2024.
- Pension Committee Members should have the same expectation as Pension Board Members regarding knowledge and skills. There possibly could be legislation coming out in relation to this.
- Officers informed that they had digested highlights of conference which they could circulate to Board - **Action Required.**

It was unanimously resolved to:

Note the Governance and Compliance Report.

## 136. Cambridgeshire Pension Fund Administration Strategy Report

Members received a report which presented the Cambridgeshire Pension Fund Administration strategy to the Board for pre-scrutiny.

This report set out performance standards and escalation routes which would be necessary should there be problems. Some areas had been changed more

fundamentally, such as Digital Administration. There was an emphasis on trying to interact with Members digitally and share information through Member Self-Service. Employers send through information using i-Connect and there had been a reduction in days for the receipts of that information to allow action in a timely manner. A Member queried why not all employers would be on i-Connect? The officer clarified that there were other ways to communicate with employers, but they would have to cover that cost.

There were fundamental changes made to performance standards around Customer Journey KPIs as seen in the Administration Report, with a greater focus on Customer Journey KPIs.

Once comments had been received, this would be updated and taken to the Pension Fund Committee in March, and it would then go out to consultation.

Individual Members raised the following points in relation to the report:

- Noted that Member feedback would be welcomed even after the meeting, and the Chair would act as a collection point for any additional comments made regarding the report.
- Commended the document and stated the strategy was good with clear explanations.

It was unanimously resolved to:

Review and comment on the Administration Strategy.

## 137. Cambridgeshire Pension Fund Board Agenda Plan

An officer noted that they were currently looking for activities for next year's Business Plan. Once they had been formulated and agreed, they would be added to the plan.

The agenda plan was noted.

## 138. Exclusion of Press and Public

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

A Member queried why the Risk Monitoring Report was not presented before the exclusion of press and public. The officer responded that due the nature of information discussed, it would be more appropriate to discuss after the exclusion.

### 139. Cyber Resilience Update

The Board reviewed a report which presented an update on the progress made against the cyber resilience action plan.

It was unanimously resolved to:

Approve recommendations as set out in the report.

### 140. Cambridgeshire Pension Fund Risk Monitoring

The Board reviewed the Cambridgeshire Pension Fund Risk Register.

It was unanimously resolved to:

Approve recommendations as set out in the report.

### 141. ACCESS Update

The Board were presented with the latest asset pooling update to the Pension Board.

It was unanimously resolved to:

Approve recommendations as set out in the report.

Chair

## Cambridgeshire Local Pension Board Minutes Action Log

This is the updated action log as at 15 April 2024 and captures the actions arising from the most recent Cambridgeshire Local Pension Board meeting and updates Members on the progress on compliance in delivering the necessary actions.

Minutes 26 January 2024

Minute number	Report Title	Action for	Action	Comment	Status
132.	Pension Fund Annual Report and Statement of Accounts 2022-23	Fiona Coates	The Annual Report and Statement of Accounts Report showed the effect of three to four degrees increase in global warming. A member commented that this scenario would be an extinction event and should not be included. Officer to raise the issue with Mercer who produced the report.	Comments from Mercer have been circulated to members of the Board.	Completed.
			Circulate the comments on the valuation over-funded position - the Audit and Accounts Committee and Full Council	The Chair of the LPB has been in touch with the Chair of the Pension Fund Committee, an update will be provided at this meeting.	Completed.
133.	Administration Performance Report	Michelle Oakensen	Circulate details on the six formal complaints mentioned in the administration performance section	Details on the complaints have been circulated to Board members.	Completed.

Minute number	Report Title	Action for	Action	Comment	Status
134.	Pension Fund Annual Business Plan Update Report 2023/24	Ben Barlow	Circulate information on how savings were calculated to demonstrate how cost-effective investing pools are.	Officers are collating the data, this will be shared with the Board in due course.	In progress.
135.	Governance and Compliance Report	Michelle Oakensen	Circulate the highlights article produced by Hymans on the LGA Governance Conference.	Email sent to Board members on 2/01/2024.	Completed.
117.	Business Plan Update Report	Ben Barlow	With regard to the switch of gilts “not on target”, it was confirmed that this related to the change of gilts which were being used as collateral for the equity protection programme into the UBS Pooled Passive vehicle. Consideration had taken place on where to move them to, but they had been moved from Schrodgers to UBS. Officers believed that they had been moved but agreed to confirm with the Board.	The transfer of gilts switch was completed in February 2024.	Completed.

# CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

26 April 2024

Report by: Head of Pensions

Subject	Administration Performance Report
Purpose of the Report	To present the Administration Performance Report to the Pension Fund Board for the period 1 January to 29 February 2024
Recommendations	The Pension Fund Board are asked to note the Administration Performance Report
Enquiries to:	Michelle Oakensen Governance and Regulations Manager <a href="mailto:michelle.oakensen@westnorthants.gov.uk">michelle.oakensen@westnorthants.gov.uk</a>

## 1. Background

- 1.1 One of the core functions of the Pension Fund Board is to ensure the effective and efficient governance and administration of the scheme. This report covers key areas of administration performance for consideration by the Pension Fund Board.

## 2. Executive Summary

- 2.1 This report sets out the performance of the Cambridgeshire Pension Fund.
- 2.2 The administration performance for the period 1 January to 29 February 2024 is detailed in section 3.
- 2.3 The achievement against the Key Performance Indicators for the period 1 January to 29 February 2024 are detailed in section 4 and appendix 1. The majority of KPIs were met over the period.
- 2.4 The progress of supplementary key performance indicators is detailed in section 5 and appendix 2.
- 2.5 Timeliness of receipt of employee and employer pension contributions for the payroll periods of February 2023 to January 2024 are detailed in section 6 and appendices 3 & 4. Over 99% of employer contributions were received on time in respect of the period February 2023 to January 2024. Details of contribution payments received late are detailed in appendix 4 (**exempt**).
- 2.6 Occurrences of breaches of the law for the period 1 January to 29 February 2024 are detailed in section 7. There were no material breaches in the period.
- 2.7 Details of any Internal Dispute Resolution Procedure cases for the period 1 January to 29 February 2024 are detailed in section 8. There was no new cases within the period.
- 2.8 Occurrences of material data breaches for the period 1 January to 29 February are detailed in section 9. There were no data breaches that occurred during the period.

- 2.9 Details of any significant overpayment of pension for the period 1 January to 29 February 2024 are detailed in section 10. There were no significant overpayments for the period.
- 2.10 Details of new employers admitted to the Cambridgeshire Pension Fund and those that have ceased are detailed in section 11 and appendix 5. Six transferee admission body were admitted to the Fund during the period and one scheme employer was reported as ceasing.
3. Administration Performance
- 3.1 During the period 1 January to 29 February 2024, 6 complaints were managed informally by the Operations Manager.
- 3.2 To put this into context, over the same period nearly 5,000 calculation tasks were completed in connection with the Cambridgeshire Fund.
- 3.3 The Fund issues member surveys to scheme members where a check task has been completed on the workflow system. During the period 1 January to 29 February 2024, 244 surveys have been issued to Cambridgeshire members with response rates in the range of 12.20% to 17.36% over the period. Scheme members have given the Fund's administration an average rating of between 3.91/5.00 and 4.25/5.00 over the 3-month period. Note this rating is for Cambridgeshire and Northamptonshire Fund administration combined. All feedback is analysed, and changes implemented where necessary.
4. Key Performance Indicators – Pensions Service
- 4.1 The Fund has in place a set of key performance indicators (KPIs) to assess the performance of the Pensions Service in the delivery of key items of casework. The actual performance against these KPIs for the period 1 January to 29 February 2024 can be found in appendix 1 along with the explanations for any underperformance.
- 4.2 Over the 2-month period, 4 of the 14 KPI targets have not been met.
- 4.3 Targets were missed for awarding dependant benefits and providing an estimate of benefits in January and February as a result of high levels of sickness creating a backlog of higher priority cases.
- 4.4 During the period the performance was below target for the processing of dependant benefits, due to seven cases being missed as a result of the notification task being finalised late. This has been raised within the team to prevent recurrence.
- 4.5 Performance is expected to improve once the sickness levels have reduced and as skills and experience are embedded within the team. The medium to long term plan is to increase multi skilling to help with service resilience across teams.
5. Development of the Customer Journey Key Performance Indicators
- 5.1 New and supplementary KPIs continue to be developed to measure the overall customer journey as approved by the Committee in March 2023 and presented to the Board in April 2023.
- 5.2 The majority of areas are now being reported with ongoing development for the calculation and notification of dependent benefits and the notification following a pension sharing order.
- 5.3 The analysis of the reporting is continuing to be developed to ensure the Service can take a proactive approach where possible in resolving any employer data issues.
- 5.4 The development of the KPIs to date can be found in appendix 2.



## 6. Receipt of Employee and Employer Contributions

- 6.1 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.
- 6.2 The table in appendix 3 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 February 2023 to January 2024.
- 6.3 For December 2023 and January 2024, 99.8% of contribution payments were received on time. The current yearly average for payments made on time is 99.9% and schedules being received on time is 99.6%.
- 6.4 Details of late contribution payments can be found in appendix 4 (exempt).

## 7. Breaches of the Law

- 7.1 There are various laws relating to the Local Government Pension Scheme, with various individuals, including the Pension Fund Board, 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.
- 7.2 For the period 1 January to 29 February 2024, the following breaches occurred:

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	None
Non Material Breaches	5 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.
	Missed statutory targets against Key Performance Indicators.	Issues will be addressed within the Service and with employers as appropriate. Further details can be found in Appendix 3.

## 8. Internal Dispute Resolution Procedure

- 8.1 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.
- 8.2 Disputes that are upheld at stage 1 may still progress to stage two if the scheme member or their representative remain 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.
- 8.3 The following details that activity undertaken during the period 1 January to 29 February 2024 with regards to administering authority disputes.

8.3.1 Stage 1 disputes: None

8.3.2 Stage 2 disputes: None

8.4 Employer disputes: None

## 9. Material Data Breaches

9.1 No material data breaches occurred during the period.

## 10. Significant overpayment of pension

10.1 No significant overpayments were made during the period.

## 11. Employers Admissions and Cessations

11.1 The following admission bodies were admitted to the Cambridgeshire Pension Fund:

- Aspens Services Limited (Castle Camps Primary School)
- Caterlink (Sir Harry Smith Community College)
- Churchill Catering Limited (Meridian Trust)
- Lunchtime Company Limited (Hardwick & Cambourne Community Primary School)
- OCS Food Co Limited x 2
- RCCN Limited (Astrea Multi Academy Trust)

11.2 The following body has ceased to be an employer within the Cambridgeshire Pension Fund:

- TNS Catering Limited

11.3 An update on a previously reported cessation relating to Compass Contract Services Limited (Innovate Multi Academy Trust) can be found in Appendix 5.

## 12. Relevant Pension Fund Objectives

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

## 13. Risk Management

- 13.1 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.
- 13.2 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

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

#### 14. Communication Implications

Direct communications	<p>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.</p> <p>Employers of the Fund are guided through the admission process and directly kept up to date with requirements and progress.</p> <p>Members who enter the Internal Dispute Resolution Procedure are kept informed of progress within the statutory timescales.</p>
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#### 15. Finance & Resources Implications

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

#### 15. Legal Implications

- 15.1 There are no legal implications associated with this report.

#### 16. Consultation with Key Advisers

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

#### 17. Alternative Options Considered

- 17.1 Not applicable

#### 18. Background Papers

- 18.1 Not applicable

## 19. Appendices

- 19.1 Appendix 1 Key Performance Indicators – Pensions Service
- 19.2 Appendix 2 Development of Key Performance Indicators during 2023/2024
- 19.3 Appendix 3 Receipt of Employee and Employer Contributions
- 19.4 Appendix 4 Details of late contribution payments (**exempt**)
- 19.5 Appendix 5 Update on previously reported cessations

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 26/03/2024

Appendix 1 – Pension Service Key Performance Indicators for January and February 2024

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%	January February	220 164	211 153	9 11	96 93	Green Green	SLA target met SLA target met
Payment of retirement benefits from active employment	Notify employees retiring from active membership of benefits award, from date payable or date of receiving all necessary information if later within 10 working days.	95%	January February	35 35	35 34	0 1	100 97	Green Green	SLA target met 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%	January February	68 67	66 61	2 6	97 91	Green Green	SLA target met SLA target met
Award dependant benefits	Issue award within 5 working days of receiving all necessary information.	95%	January February	25 23	21 20	4 3	84 87	Amber Amber	SLA target not met* SLA target not met*

Appendix 1 – Pension Service Key Performance Indicators for January and February 2024

Function/Task	Indicator	Target	Month	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Provide a maximum of one estimate of benefits to employees per year on request	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	January February	31 25	13 22	18 3	42 88	Red Amber	SLA target not met** SLA target not met**
Provide transfer-in quote to scheme member	Letter issued within 10 working days of receipt of all appropriate information.	95%	January February	44 32	44 32	0 0	100 100	Green Green	SLA target met SLA target met
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	January February	34 22	34 22	0 0	100 100	Green Green	SLA target met SLA target met

Targets were missed for awarding dependant benefits and providing an estimate of benefits in January and February due to the backlog that has been created following on from previous months high levels of sickness.

During the period mentioned the performance was below target for the processing of dependant benefits, the seven missed cases were due to the notification task being finalised late. This has been raised within the team to prevent recurrence.

Training and resources have been allocated to cases where a benefit was due as a priority. Additional time will be dedicated to estimate cases as resources stabilise. Sickness levels are being addressed through absence management procedures.

Performance is expected to improve once the training requirements reduce at team leader level as skills and experience are embedded within the team. The medium to long term plan is to increase multi skilling to help with service resilience across teams.

## Appendix 1 – Pension Service Key Performance Indicators for January and February 2024

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

**Amber:** Below SLA target, but number completed within target is within 10% of the SLA target.

**Red:** Below SLA target and number completed within target is not within 10% of the SLA target.





Appendix 2 – Customer Journey Key Performance Indicators (statutory) for the Period 1 January to 29 February 2024

Function/Task	Indicator	Month	% Within Target	Comments
Provide basic scheme information to new joiners.	2 months from date of joining or member's request.	January February	46 86	The Pension Service is 100% within target for meeting the SLA of 2 months from the record being created on Altair which is dependent upon the receipt of the employer i-connect file. Reasons why the cases would not be completed within the statutory target are <sup>1</sup> : <ul style="list-style-type: none"> <li>• Arrears of pay resulting from a late agreed pay award.</li> <li>• Notifications of new starters received from employers within monthly i-connect files where the member's start date was already more than 2 months ago.</li> <li>• Payroll provider changes.</li> </ul>
Provide transfer details for transfer in.	2 months from date of request.	January February	41 27	Reasons why the cases would not be completed within the statutory target are <sup>2</sup> : <ul style="list-style-type: none"> <li>• Interfund in - Further information is required from the previous LGPS pension fund.</li> <li>• Transfer in – Further information is required from the member, the previous scheme, or the employer.</li> </ul>
Provide details of transfer value for transfer out.	3 months from date of request.	January February	73 65	Reasons why the cases would not be completed within the statutory target are <sup>3</sup> : <ul style="list-style-type: none"> <li>• Interfund out - Further information is required from the employer prior to finalising the deferred benefit and there is a backlog in these cases due to the volumes.</li> <li>• Transfer out – Further information is required from the employer prior to finalising the deferred benefit.</li> </ul>
Provide a CETV quotation for divorce purposes.	Within 3 months of the request (or shorter deadline as specified in a court order).	January February	100 50	In February, the performance was below target due to the clearance of the backlog relating to McCloud. Certain cases were previously placed on hold awaiting the new guidance from LGA, this has been released at the end of January allowing for older cases to be processed.

<sup>1</sup> Reports are being developed to identify any arrears of pay cases in advance, the software provider is investigating solutions to identify new starter records that are created as a result of arrears as soon as the data is received on the system.

<sup>2</sup> An investigation into whether automated reporting can be developed to carry out the analysis required without any manual intervention is currently being undertaken.

<sup>3</sup> An investigation into whether automated reporting can be developed to carry out the analysis required without any manual intervention is currently being undertaken.

Appendix 2 – Customer Journey Key Performance Indicators (statutory) for the Period 1 January to 29 February 2024

Function/Task	Indicator	Month	% Within Target	Comments
Inform members who leave the scheme before retirement age of their rights and options.	As soon as practical and no more than 2 months of leaving.	January February	n/a 43	<p>The Pension Service provided statutory information within 10 working days of being notified of a leaver for 100% of cases in February.</p> <p>The Pension Service has 10 working days to issue an options letter from the date an employer notifies the Fund of a leaver. Employer failures are therefore defined as any notification that has not been received by the Service within 46 days of a member leaving employment.</p>
Inform members who leave the scheme at or after retirement age of the benefits due.	Within 2 months of retirement date where the member <b>retires before</b> normal pension age.	January February	58 71	<p>Multiple factors contribute to the member experience for this indicator, this includes the type of information required (e.g. leavers details, certificates, forms) and the party responsible for supplying the information (employer, payroll provider, member). There is also the processing time required for the administrator to issue the award once all the information is received.</p> <p>For January, in 50% of the cases outside of target information was not provided by the scheme employer to allow the Pensions Service at least 10 working days to process the benefit.</p> <p>For January, in 80% of the cases outside of target information was not provided by the scheme employer to allow the Pensions Service at least 10 working days to process the benefit.</p> <p>Analysis will be undertaken, and any persistent trends addressed accordingly.</p>
Inform members who leave the scheme at or after retirement age of the benefits due.	Within 1 month of retirement date where the member <b>retires on or after</b> normal pension age.	January February	64 25	<p>Multiple factors contribute to the member experience for this indicator, this includes the type of information required (e.g. leavers details, certificates, forms) and the party responsible for supplying the information (employer, payroll provider, member). There is also the processing time required for the administrator once all the information is received.</p>

Appendix 2 – Customer Journey Key Performance Indicators (statutory) for the Period 1 January to 29 February 2024

Function/Task	Indicator	Month	% Within Target	Comments
				<p>For January, in 60% of the cases outside of target information was not provided by the scheme employer to allow the Pensions Service at least 10 working days to process the benefit.</p> <p>For January, in 89% of the cases outside of target information was not provided by the scheme employer to allow the Pensions Service at least 10 working days to process the benefit.</p> <p>Analysis will be undertaken, and any persistent trends addressed accordingly.</p>
Calculate and notify dependant(s) of amount of death benefits.	As soon as possible, but in any event no more than 2 months of date or becoming aware of death.			A new death process is due to be created to enable reporting on this KPI. This is not currently possible as separate tasks are set up on the member and the dependant.
Notify implementation information after receiving a pension sharing order (and no outstanding information)	Within 21 days of the later of, the date of receipt of the pension sharing order or the day on which the order takes affect or the date of receipt of the relevant documents / information.			No pension sharing order cases have been finalised in January 2024 and February 2024. In the coming weeks, DLUHC will be issuing new actuarial guidance on divorce debits and credits which will be needed to process a pension sharing order for a member protected by the McCloud remedy.



Appendix 3- 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
March 2023	100	0	100	0
April 2023	100	0	100	0
May 2023	100	0	100	0
June 2023	100	0	100	0
July 2023	98.8	0.2	97	3
August 2023	100	0	100	0
September 2023	99.6	0.4	99.8	0.2
October 2023	100	0	99.8	0.2
November 2023	100	0	98.9	1.1
December 2023	99.8	0.2	99.8	0.2
January 2024	99.8	0.2	99.8	0.2
February 2024	99.8	0.2	99.8	0.2
Average for period	99.8	0.2	99.5	0.5



## CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

26 April 2024

Report by: Head of Pensions

Subject	Cambridgeshire Pension Fund - Business Plan and Medium-Term Strategy 2024/25
Purpose of the Report	To present to the Pension Board the Cambridgeshire Pension Fund Business Plan and Medium-Term Strategy 2024/25 and to update the Board on the end-of-year position of 2023/24 Business Plan activities.
Recommendations	The Board is asked to: <ol style="list-style-type: none"> <li>1) note the status of the 2023/24 Business Plan activities and current financial position (see section 3)</li> <li>2) note the contents of the Business Plan and Medium-Term Strategy 2024/25 (see section 4)</li> <li>3) note the membership application to Pensions for Purpose on behalf of the Cambridgeshire Pension Fund (see section 5)</li> </ol>
Enquiries to:	Mark Whitby Head of Pensions <a href="mailto:mark.whitby@westnorthants.gov.uk">mark.whitby@westnorthants.gov.uk</a>

### 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 Business Plan and Medium-Term Strategy for the Cambridgeshire Pension Fund for the period 2023/24 to 2025/26 is in Appendix 2.

## 2. Executive Summary

- 2.1 The report provides an update on the 2023/24 Business Plan activities, highlighting any activities not concluded and featuring in the 2024/25 Business Plan. A summary of the concluded procurements during 2023/24 are also provided in section 3.4 & Appendix 1. The year-end position of the Cyber Resilience activities can be located in Appendix 3 (exempt).
- 2.2 The Business Plan and Medium-term strategy contains activities that are not considered as business as usual and provides key milestones and associated budget requirements. The Board are asked to note the contents of the 2024/25 Business Plan including resource requirements in section 4 & appendix 2. The Climate Action Plan can be located in Appendix 4.
- 2.3 The report also updates the Board on a decision to join the Pensions for Purpose community to support activities in connection with sustainable and impact investing (see section 5).

## 3. Update on the 2023/24 Business Plan

- 3.1 The Business Plan activities from the 2023/24 financial year have been reviewed with a year-end position being established. The majority of activities have achieved a 'green' RAG status whereby the activity is either completed or it was pre-determined that the activity would be completed after March 2024.
- 3.2 There were four exceptions where the RAG status was 'amber' in the following areas:
  - Complete the Guaranteed Minimum Pension (GMP) Rectification
  - Application of the McCloud age discrimination remedy.
  - Processing of undecided leaver records
  - Implement recommendations from the review of the website and digital communications.
- 3.3 These activities did not progress at the desired rate for 2023/24 and have been rescheduled (with the exception of GMP rectification which should conclude by end of June 2024) as part of the 2024/25 Business Plan for resolution.
- 3.4 The procurements within the 2023/24 Business Plan were all concluded, and the outcomes were as follows:



Procurement	Award	Start date
Benefits and Consultancy Services	Hymans Robertson LLP (currently Aon)	1 April 2024
Actuarial Consultancy Services	Hymans Robertson LLP (incumbent)	1 April 2024
Legal Services	Squire Patton Boggs (incumbent)	5 February 2024
Administration and Pensioner Payroll	Heywood Pension Technologies (incumbent)	1 October 2024

3.5 Details of the year-end position of all the activities and actions that are being carried over can be located in Appendix 1 and the Cyber Resilience Action Plan can be located in Appendix 3.

3.6 The financial forecast for end-of-year position for 2023-24 is included within the 2024/25 Business Plan in Appendix 2.

#### 4. Business plan and Medium-Term Strategy 2023/24

4.1 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
- Investment related activities
- Communications

4.2 Progress made against the Business Plan will continue to be reported to the Board 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.

4.3 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 Board via the Business Plan Update report.

4.4 With the increasing complexities of the Scheme and the requirements of significant projects such as McCloud and Pension Dashboards it is becoming more challenging to administer the Fund (approximately 97,147 members and over 300 contributing employers) in a compliant and timely manner and on this basis, additional posts to the current establishment have been identified to alleviate pressure in the following areas –

- Three additional Pension Officer posts (full time) to support business as usual and facilitate the completion of undecided leavers backlog in time for the introduction of the government's Pensions Dashboard initiative and the work that is required from the McCloud rectification.

- A new Training Officer post (full time) to facilitate consistent and robust training to Officers allowing for resource to stay in teams and not be diverted when training is required. This post will allow for more flexibility within the Service and enable more effective succession planning.
- A new Administration Assistant (part time) to support with general administrative tasks to allow for workloads to be effectively managed ensuring key activities are prioritise.

4.5 As only approximately half of this resource will be engaged in CPF activity, the posts will be funded accordingly to reflect this.

4.6 The Climate Action Plan for 2024/25 is located at Appendix 4 and it also published on the Fund’s website.

4.7 The Business Plan and Medium-Term Strategy and resourcing was approved by the Pension Fund Committee at its meeting of 28 March 2024.

## 5. Pensions for Purpose

5.1 Officers recommended the Fund joins the Pensions for Purpose community to support activities in connection with sustainable and impact investing. This is aligned with our investment strategy and responsible investment approach, as well as our climate action plan activities.

5.2 Pensions for Purpose shares best practice and promotes understanding of ESG and sustainable and impact investing. It does this by providing access to events, thought leadership, case studies, guidance and research.

5.3 Pensions for Purpose has a growing community of over 380 organisational members. Membership is free and the Fund’s name would be formally included in the Members’ Directory, hence the reason for a board decision on this matter.

5.4 Further information is available at [Home | Pensions For Purpose](#).

5.5 The Pension Fund Committee approved joining the Pensions for Purpose community at its meeting of 28 March 2024.

## 6. 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.
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Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
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## 7. Finance & Resources Implications

7.1 Performance against the financial estimates in the Business Plan will be presented to the Pension Board each meeting. The Business Plan sets out the cost of each activity where known or where costs become known during the course of the year, the Pension Board will be updated accordingly.

7.2 The Fund's share of the cost of the additional posts is approximately £72k to £80k depending on appointment scale point.

## 8. Risk Management

8.1 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.

8.2 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.

<b>Risk</b>	<b>Residual risk rating</b>
Those charged with governance 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 Committee/Pension Board to enable informed decision making.	Green

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

## 9. Communication Implications

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

## 10. Legal Implications

10.1 No material issues have been identified which may give rise to legal liability and/or risk from an administering authority perspective.

## 11. Consultation with Key Advisers

11.1 The Fund's current key advisers have been consulted where necessary.

## 12. Alternative Options Considered

12.1 Not applicable.

13. Background Papers

13.1 Not applicable.

14. Appendices

- 14.1 Appendix 1 – Year-end status of Business Plan activities for 2023/24.
- Appendix 2 – Cambridgeshire Pension Fund Business Plan and Medium-Term Strategy 2024/25.
- Appendix 3 – Cyber activity action plan – **exempt**.
- Appendix 4 - Climate Action Plan 2024/25.

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 22/03/2024

Appendix 1 – Business Plan activities 2023/24

Activity	Year-end status	RAG status
Complete the Guaranteed Minimum Pension Rectification.	This project is due to complete by 30 June 24 and therefore will not feature in the 2024/25 Business Plan.	Amber
Application of the McCloud age discrimination remedy.	Delays in government guidance has impacted this activity. The rectification element of the McCloud remedy will feature in the 2024/25 business plan.	Amber
Processing of undecided leaver records.	Continuation of the project will continue into the 2024/25 business plan.	Amber
Implement recommendations from the review of the website and digital communications.	Continuation of the project will continue into the 2024/25 business plan following a delay with the developer.	Amber
Review and implement changes required from the Pension Regulator's new Code of Practice.	Transferred to the 2024/25 business plan due to the delay in the release of the code.	Green
Implement the best practice recommendations of the good governance review.	Transferred to the 2024/25 business plan due to the delay in the release of the standards.	Green
Implement equality, diversity and inclusion (EDI) best practices.	Completed. Action plan has been prepared and will be taken to April 2024 Pension Fund Board. New milestones to form part of 2024-25 Business Plan.	Green
Address and mortality screening Services.	Completed.	Green
Re-tender for benefits and governance consultancy services.	Completed.	Green
Re-tender for actuarial consultancy services.	Completed.	Green
Re-tender for legal services provider.	Completed.	Green
Re-tender for pensions administration and pensioner payroll platform.	Completed.	Green
Continue to review cyber resilience.	Completed.	Green
Review the administrative performance of the Fund's additional voluntary contribution providers.	Completed.	Green
Prepare for the implementation of Pension Dashboards.	Completed.	Green
Continue development of the ACCESS asset pool.	Completed.	Green

Appendix 1 – Business Plan activities 2023/24

<b>Activity</b>	<b>Year-end status</b>	<b>RAG status</b>
Continue activities within the Fund’s Climate Action Plan.	Completed.	Green
Implement the revised Investment Strategy.	Completed.	Green
Review of investment consultancy contract.	Completed.	Green

# Business Plan and Medium Term Strategy

2024/25 to 2026/27

## 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 2024/25, 2025/26 and 2026/27. The business plan was approved at the Pension Committee meeting on 28 March 2024. The business plan is monitored throughout the year and the Pension 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 2024/25 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](mailto:mark.whitby@westnorthants.gov.uk)  
07990 556197



## Background to the Cambridgeshire Pension Fund

The Cambridgeshire Pension Fund is a £4.231bn\* 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 97,147 of which 28,067 are active members from over 341\* individual contributing employers and approximately 69,100 retired, survivor, deferred and other members.

\*As at 31 March 2023

## Governance and management of the Fund

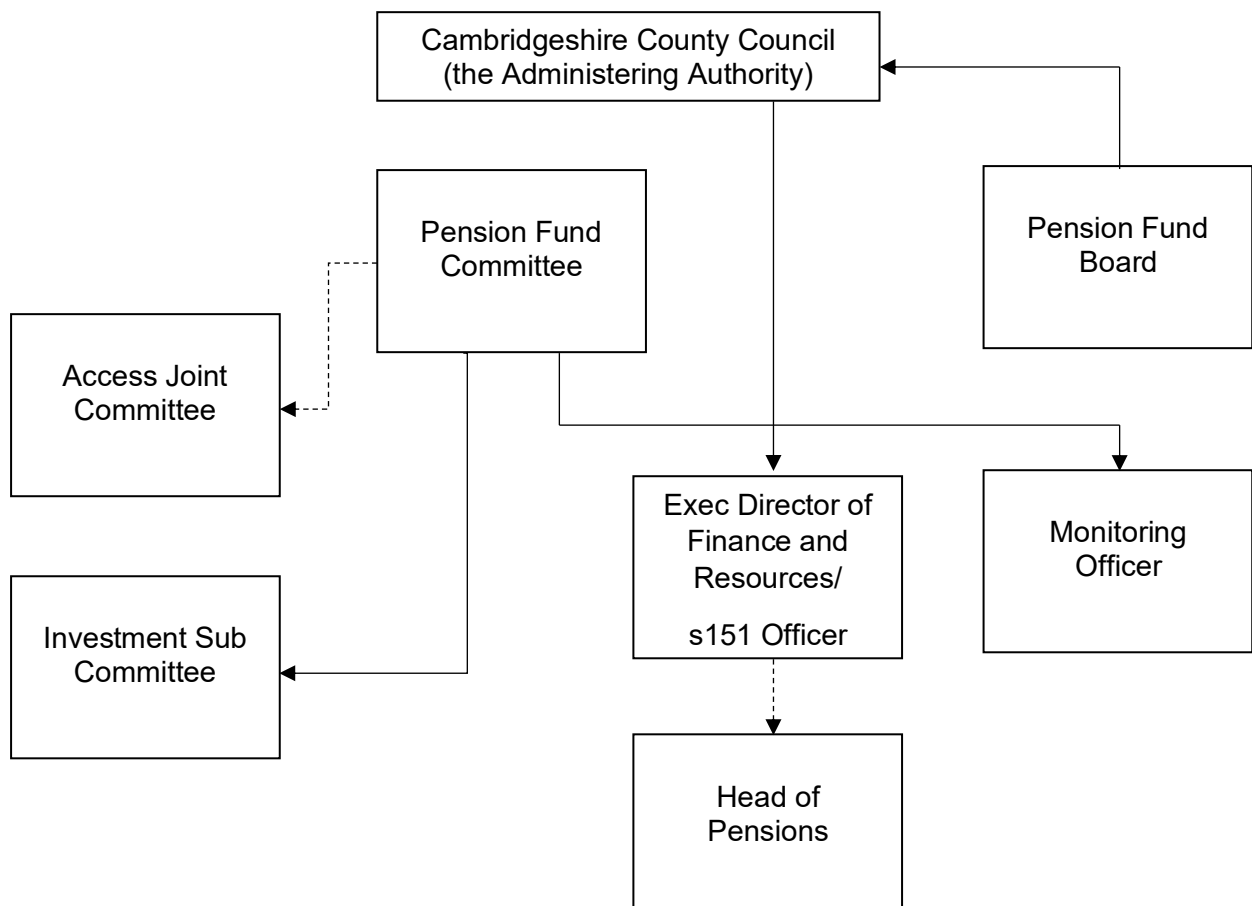
The key decision-making and management of the Fund has been delegated by Cambridgeshire County Council (the administering authority) to a formal Pension Committee, supported by an Investment Sub-Committee that looks at the operational governance of investment issues.

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 Cambridgeshire Pension Fund governance structure is shown below.



## Administration of the Fund

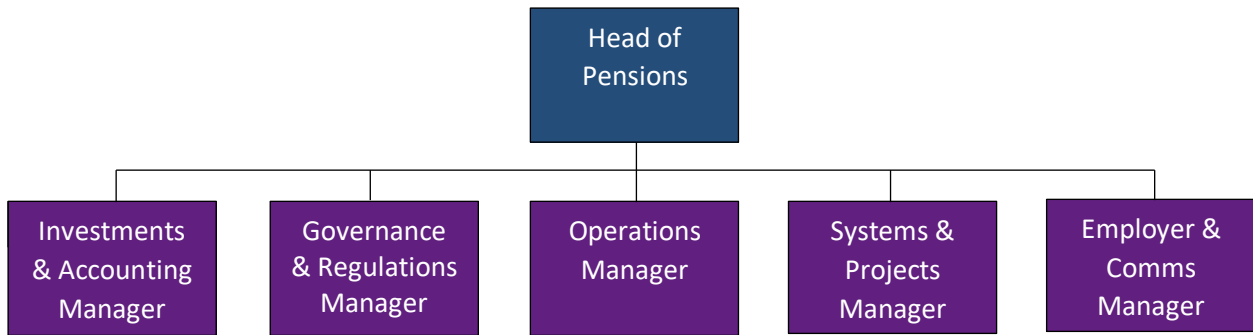
The Cambridgeshire and Northamptonshire Pension Funds are administered under a lead authority model with the lead authority being West Northamptonshire Council working in partnership with Cambridgeshire County Council. The Funds remain two distinct entities.

Management and administration of both Funds is based at One Angel Square 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 Regulations Team is responsible for managing agendas, producing reports and delivering training to the Pension 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 & Projects Team is responsible for a wide range of projects that are required to be delivered across the service. The current projects that are being delivered are overseas proof of existence checks on pensions in payment, data quality improvements, certain activities resulting from the McCloud remedy, preparation for pension dashboards and targeted areas of casework classified as backlog. The team is also responsible for maintaining the pension administration, payroll, 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 2024 is illustrated below in simplified form:



The current full time equivalent of staffing is 91.37. 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 accessible 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 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.
- Ensuring Fund policies and strategies are in place and appropriately maintained.
- 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 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 pool 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.
- Receiving monthly membership data from scheme employers, checking its validity and ensuring it is accurately uploaded to scheme member records.
- Providing an online scheme member 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.
- Launch new Fund website.
- Providing new scheme employers with information about their responsibilities.
- Providing ongoing training and technical updates to employers.
- Prepare for the next triennial valuation

## Technical

- Maintaining and updating the pensions administration and pensioner payroll 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, CARE revaluation and monthly pensionable pay and contribution data.

## 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 increased oversight by the Pensions Regulator and the issuance of the new general code of practice.
- Implementation of Pension Dashboards.
- New and amending regulations affecting the Local Government Pension Scheme including the remedy resulting from the McCloud high court ruling.
- The impact of the abolishment of the Lifetime Allowance from 6 April 2024.
- 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 skills and knowledge framework, and best practice and guidance stemming from the Scheme Advisory Board's Good Governance Review.
- The number and diversity 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).

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 Council. The following shows the expected income and expenditure (cash flow) of the Fund as well as the anticipated operating costs.

### Cash flow projection 2022/23 to 2025/26

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

	2023/24 Estimate	2023/24 Forecast	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
	£000	£000	£000	£000	£000
Contributions <sup>1</sup>	148,000	162,000	155,000	158,000	167,000
Transfers in from other pension funds <sup>2</sup>	11,000	21,500	18,000	19,000	19,000
<b>TOTAL INCOME</b>	<b>159,000</b>	<b>183,500</b>	<b>173,000</b>	<b>177,000</b>	<b>186,000</b>
Benefits payable <sup>3</sup>	(137,000)	(137,000)	(149,000)	(157,000)	(165,000)
Payments to and on account of leavers <sup>2</sup>	(9,000)	(17,400)	(13,000)	(13,500)	(14,000)
<b>TOTAL PAYMENTS</b>	<b>(146,000)</b>	<b>(154,400)</b>	<b>(162,000)</b>	<b>(170,500)</b>	<b>(179,000)</b>
<b>Net additions/(withdrawals) from dealings with members</b>	<b>13,000</b>	<b>29,100</b>	<b>11,000</b>	<b>6,500</b>	<b>7,000</b>
Management expenses (Invoiced)	(4,947)	(5,328)	(5,903)	(6,233)	(6,349)
Management expenses (Non-invoiced) <sup>4</sup>	(22,900)	(20,300)	(21,300)	(22,400)	(23,500)
<b>TOTAL MANAGEMENT EXPENSES</b>	<b>(27,847)</b>	<b>(25,628)</b>	<b>(27,203)</b>	<b>(28,633)</b>	<b>(29,849)</b>
<b>TOTAL INCOME LESS EXPENDITURE</b>	<b>(14,847)</b>	<b>3,472</b>	<b>(16,203)</b>	<b>(22,633)</b>	<b>(22,849)</b>
Investment income <sup>5</sup>	34,000	66,600	48,000	50,000	52,000
Taxes on income	-	-	-	-	-
Profit and (losses) on disposal of investments and changes in the market value of investments <sup>6</sup>	204,000	252,700	219,000	230,000	241,000
<b>NET RETURN ON INVESTMENTS</b>	<b>238,000</b>	<b>319,300</b>	<b>267,000</b>	<b>280,000</b>	<b>293,000</b>
<b>Net increase/(decrease) in net assets available for benefits during the year</b>	<b>223,153</b>	<b>322,772</b>	<b>250,797</b>	<b>257,867</b>	<b>270,151</b>



## Management Expenses

	2023/24 Estimate	2023/24 Forecast	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
	£000	£000	£000	£000	£000
Total administration expenses	(3,221)	(3,117)	(3,546)	(3,602)	(3,745)
Total governance expenses	(881)	(962)	(1,072)	(1,283)	(1,190)
Total investment expenses	(845)	(1,249)	(1,285)	(1,348)	(1,414)
<b>TOTAL MANAGEMENT EXPENSES</b>	<b>(4,947)</b>	<b>(5,328)</b>	<b>(5,903)</b>	<b>(6,233)</b>	<b>(6,326)</b>

## Administration Expenses

	2023/24 Estimate	2023/24 Forecast	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
	£000	£000	£000	£000	£000
Staff related	(2,080)	(2,176)	(2,458)	(2,537)	(2,618)
Altair administration and payroll system	(485)	(444)	(413)	(434)	(455)
Data Assurance	(25)	(27)	(22)	(23)	(24)
Communications	(51)	(22)	(87)	(28)	(30)
Other non pay and income	(27)	105	15	30	23
County Council overhead recovery	(553)	(553)	(581)	(610)	(641)
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>(3,221)</b>	<b>(3,117)</b>	<b>(3,546)</b>	<b>(3,602)</b>	<b>(3,745)</b>

<sup>1</sup>Contributions have been calculated using the Employer contribution rate and salary increase assumptions of 3.2% set by the actuary at the 2022 Valuation. Contributions in 2026/27 are subject to change due to the 2025 valuation. The 2023/24 forecasted variance is due to actual salary increases being much higher than the actuarial salary increase assumption used from the 2022 valuation.

<sup>2</sup> Transfers in/out have been calculated using an average of 3 years (excluding group transfers).

<sup>3</sup> 2024/25 benefits payable have been calculated using average membership increases, estimated PI of 6.7% and pension increases assumptions of 2.7% set by the actuary in subsequent years.

<sup>4</sup> Management expenses (non-invoiced) have been calculated using investment managers actual fees plus the actuarial assumption of investment growth +4.9% per annum.

<sup>5</sup> Investment income have been calculated by using an average of 3 years income received and applying the actuarial assumption of investment growth +4.9% per annum.

<sup>6</sup> Return on Investments have been calculated by applying the actuarial assumption of investment growth +4.9% per annum.

## 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 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 Committee at every other meeting, or more frequently if necessary.

The table below lists the Fund's highest rated risks as of February 2023 and the executive summary risk register can be found on the Fund's website:

<b>Risk</b>	<b>Residual risk rating</b>
The operations of the Pension Fund and that of its suppliers are interrupted as a result of a cyber-attack.	Amber
Failure to respond to changes in economic conditions.	Amber
The ACCESS asset pool does not have the sub-fund choices available to enable the Fund to fulfil its strategic and tactical asset allocation requirements in a timely manner.	Amber
The Pension Fund and its members may become a target for fraudsters and criminals.	Amber
Pension Fund systems and data may not be secure and appropriately maintained, whether in situ or in transit.	Amber

Procurement of Services

Activity	Background	Key Milestones	Resources required
<p>Extend the contract with the current supplier of address and mortality screening services and have a new solution in place from 1 April 2025.</p>	<p>The current contract for address tracing and mortality screening ceases in June 2024.</p> <p>The delay in launching the National LGPS Framework has meant that there will be inadequate time to comprehensively review options before the current contract expires.</p> <p>Therefore, the aim is to have a new solution in place from 1 April 2025 to allow for all options to be fully considered.</p>	<p>Extend existing contract until 31 March 2025 (subject to s151 Officer approval) (April 2024).</p> <p>Register to access National LGPS Framework (April 2024).</p> <p>Consider framework offerings and other suitable solutions (April – June 2024).</p> <p>Develop approach for procurement of address and mortality screening services (June 2024 onwards).</p>	<p>Costs will be dependent upon route determined.</p> <p>Framework costs TBC.</p> <p>Legal fees TBC.</p>
<p>Procure an Integrated Service Provider (ISP) to enable connection to the Pension Dashboards ecosystem before the staging date deadline of 31 October 2026.</p>	<p>Via a variation agreement to the Fund’s pensions administration and payroll software contract, procure Heywood Pensions Technology Ltd’s ISP solution and associated data quality reports enabling:</p> <ul style="list-style-type: none"> <li>- connection to the Dashboard ecosystem.</li> <li>- improvements in data quality to facilitate smoother data matching.</li> </ul> <p>The Heywood ISP solution will fully integrate into the pensions administration system, Altair, resulting in a more effective and straightforward implementation than with an alternative provider.</p> <p>ISP capabilities of suppliers were tested as part of the 2023-24 pensions software tender.</p>	<p>Complete procurement activities (April 2024, or sooner).</p> <p>Receive data quality reports and produce data improvement plan to improve data quality for matching purposes (April 2024 or sooner).</p> <p>Implementation of software (tbc when the Pensions Dashboards Programme confirm final parameters that will enable ISP suppliers to begin implementation).</p>	<p>Framework costs TBC.</p> <p>Legal fees £1,000.</p> <p>Implementation cost £10,000.</p> <p>Annual cost £56,000 ISP and £11,000 reporting dashboards support and maintenance.</p>

<p>Investment Consultant Contract</p>	<p>The current investment consultancy supplier is Mercer. The initial contract comes to an end on 30 September 2024. The contract has the ability to extend up to a maximum of three years to 30 September 2027.</p> <p>A decision was taken by the Committee in 2023-24 to align a review of the contract with the 2024 IC Objectives review.</p> <p>If the Committee decide to re-procure the contract, the National LGPS Frameworks will be used for the re-tender. A shorter-term extension would be required.</p>	<p>Complete Investment Consultancy (IC) Objectives review (July 2024).</p> <p>Decision as to whether to extend or re-procure the investment consultancy contract (October 2024).</p> <p>Implement Committee decision (October 2024 – March 2025).</p>	<p>Costs are dependent on which route will be decided.</p> <p>Extension: Legal fees for review of the extension paperwork £300.</p> <p>Re-procurement: Cost of subscription to framework £4,000.</p> <p>Legal fees £1,000.</p> <p>No additional staffing costs will be required for both options.</p> <p>All costs included within the governance and administration budget.</p>
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Core governance activities

Activity	Background	Key Milestones	Resources required
<p>Review and implement changes required from the Pension Regulator’s new General Code of Practice.</p>	<p>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.</p> <p>The responses to the consultation have taken the Pensions Regulator longer than expected to digest and as such the new general code of practice’ is due to come into force in March 2024.</p>	<p>Review compliance of the Fund against the new standards (April 2024).</p> <p>Develop an action plan of changes required (May 2024).</p> <p>Present progress against the action plan to the Pension Fund Committee and Pension Board at each meeting (June 2024 – October 2024).</p>	<p>No additional staffing costs.</p> <p>All costs included within the governance budget for 2024/25.</p>
<p>Implement the best practice recommendations of the good governance review.</p>	<p>The Scheme Advisory Board (SAB) has 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.</p> <p>Following consultation with LGPS stakeholders, in February 2021, a number of recommendations for improvement were identified. Some would require the input of DLUHC to amend scheme regulations and publish statutory guidance, others by SAB and other for Funds to implement as best practice.</p> <p>The standards are due to be issued early 2024.</p>	<p>Develop an action plan to implement the best practice activities (TBC).</p> <p>Present update on progress on action plan to the Pension Fund Committee (TBC) and Pension Board (TBC).</p> <p>Implementation of activities requiring SAB and DLUHC guidance (TBC).</p>	<p>No additional staffing costs.</p> <p>All costs included within the governance budget for 2024/25.</p>

<p>Prepare for the implementation of Pension Dashboards.</p>	<p>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 industry is currently consulting on the proposed staging date for public service pension schemes with the final staging guidance to be released by the Money and Pensions Service in the Spring of 2024.</p> <p>Project plan activities based on national connection guidance will be undertaken in the following areas in order to connect to the Pension Dashboard ecosystem: Governance, Internal controls, Connection, Record keeping, Budget, Resource, Data.</p> <p>Note there is a separate Business Plan activity dealing with the ISP procurement.</p>	<p>Undertake project plan activities to enable connection to the Dashboard including data cleansing activities (April 2024 – March 2025).</p> <p>Update the Committee and Board with progress against the Pension Regulator’s dashboard checklist as appropriate.</p>	<p>No additional staffing costs.</p> <p>All costs included within the governance budget for 2024/25.</p> <p>ISP costs set out in separate business plan activity.</p>
<p>Continue to review cyber resilience</p>	<p>Cyber-crime will continue to evolve and become increasingly sophisticated and as such this area will be regularly reviewed and monitored. The cyber action plan will be updated as and when necessary.</p>	<p>Ongoing monitoring and development of the cyber strategy and action plan via the Business Plan Updates at each meeting of the Pension Fund Committee and Pension Fund Board.</p>	<p>No additional staffing costs.</p> <p>All costs associated with this activity have been included within the governance budget.</p>
<p>Implement equality, diversity and inclusion (EDI) best practices</p>	<p>The Pensions Regulator has published guidance to help improve pension schemes’ equality, diversity and inclusion. Pension schemes have legal duties to scheme members, and good decision making is key to ensuring those duties are met. EDI supports robust discussion and effective decision making and is an important consideration for schemes.</p> <p>The Fund will be aiming to improve its equality, diversity and inclusion via these best practices.</p>	<p>Present action plan to Local Pension Board (April 2024)</p> <p>Present action plan to Pension Committee (June 2024)</p> <p>Further milestones subject to action plan approval (TBC)</p>	<p>No additional staffing costs.</p> <p>All costs included within the governance budget for 2024/25.</p>

<p>Review the National LGPS Framework for Additional Voluntary Contribution Services (AVC)</p>	<p>The Fund has two Additional Voluntary Contribution (AVC) providers Utmost Life and Prudential, which have recently been reviewed for administration and investment performance for which both were deemed adequate for the needs of the Fund.</p> <p>However, it is important that the Fund does not become complacent with arrangements over the long term and other providers should be considered where appropriate to establish whether another arrangement would be better suited for members.</p> <p>The first National LGPS Framework for AVC Services is being developed to support Funds in meeting their AVC responsibilities and is due to launch at the end of April 2024. A decision will be made as to whether to enter into a procurement process.</p>	<p>Register to access national LGPS Frameworks (May 2024).</p> <p>Consider framework offerings against arrangements already in place (June 2024 – August 2024).</p> <p>Develop approach for procurement if required (July – August 2024).</p> <p>Present findings to the Pension Fund Committee (October 2024) and Pension Fund Board (November 2024).</p>	<p>Costs will be dependent upon route determined.</p> <p>Framework costs TBC.</p> <p>Legal fees TBC.</p>
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Scheme member and data projects

<b>Activity</b>	<b>Background</b>	<b>Key Milestones</b>	<b>Resources required</b>
<p>McCloud remedy rectification</p>	<p>The McCloud age discrimination remedy removes the age discrimination that has been judged to have arisen in the LGPS due to the age-related transitional protections that were introduced following the introduction of CARE arrangements in 2014.</p> <p>Following the implementation of the age discrimination remedy on 1<sup>st</sup> October 2023 the records of scheme members within scope of the McCloud ruling must be reviewed to determine if any rectification of benefits is required in line with the remedy and national guidance that is currently awaited from DLUCH.</p>	<p>Milestones will be updated once guidance from DLUCH has been received.</p> <p>The LGA have advised Funds to allow for two years from receipt of the guidance to completion of all activities.</p>	<p>Possible consultancy costs may be incurred with uploading data to records (the potential costs have yet to be confirmed).</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 since the point of notification is classed as backlog/aged case and reported through this business plan activity.</p> <p>The backlog had reduced by over 1,400 cases as at 31 January 2023 to circa 7,000 cases. The intention is to reduce this backlog by 6,000 further cases over the next 3 years.</p>	<p>Reduce the backlog by 1,000 (April 2024 – March 2025).</p> <p>Reduce the backlog by 2,500 (April 2025 – March 2026).</p> <p>Reduce the backlog by 2,500 by 2,500 (April 2026 – March 2027).</p>	<p>Costs are to be met by the administration budget, which includes the addition of two Pensions Officers to BAU, preventing further spill over into backlog, and one further officer to the project team.</p>
<p>Explore the upgraded member self-service portal, Heywood Engage.</p>	<p>The Fund’s supplier (Heywood Pension Technologies Ltd) of the current member self-service portal (MSS) have released a new self-service portal, Heywood Engage, with many enhanced features to provide scheme members with a better understanding of their future pension entitlement.</p> <p>In order to determine the optimum time, migrate to the new portal a full review of the portal’s offerings, migration process and communication requirements will need to be undertaken.</p>	<p>Undertake review of the current new and enhanced features and those that will be introduced in this financial year (April – May 2024).</p> <p>Consider all actions required from the migration process and impact on communications and support required by members (June – July 2024).</p> <p>Make decision on if/when to begin implementation (August 2024).</p>	<p>No additional resources required at this time.</p> <p>Core functionality of Heywood Engage does not incur any additional cost. Implementation costs and costs for additional functionality will be provided to inform future decision making.</p>



Investment related activities

Activity	Background	Key Milestones	Resources required
<p>Continue development of the ACCESS asset pool.</p>	<p>The key asset pooling developments over the medium-term are:</p> <ul style="list-style-type: none"> <li>- Expected regulations and guidance following DLUHC’s response to the “LGPS: Next steps on investments” consultation, including those relating to the pooling model, the pace of asset transition, levelling up plans and private equity ambition.</li> <li>- Matters arising from the ACCESS third party review</li> <li>- The Operator re-procurement</li> <li>- Provision of ACCESS non-listed asset solutions; real estate, private equity, private debt, infrastructure</li> <li>- Responsible investment</li> </ul>	<p>Consideration of revised regulations and guidance (TBC)</p> <p>Consideration/implementation of options from third party review (throughout 2024-25)</p> <p>Procurement of Operator (March 2024 – Dec 2024) Operator contract effective from March 2025</p> <p>Non-listed programme development (throughout 2024-25)</p> <p>Responsible investment activities including review of Voting Guidelines (throughout 2024-25)</p> <p>Further restricted information will be provided through the regular ACCESS update.</p>	<p>ACCESS costs have been included in Management Expenses based on estimated costs provided by the Pool</p>

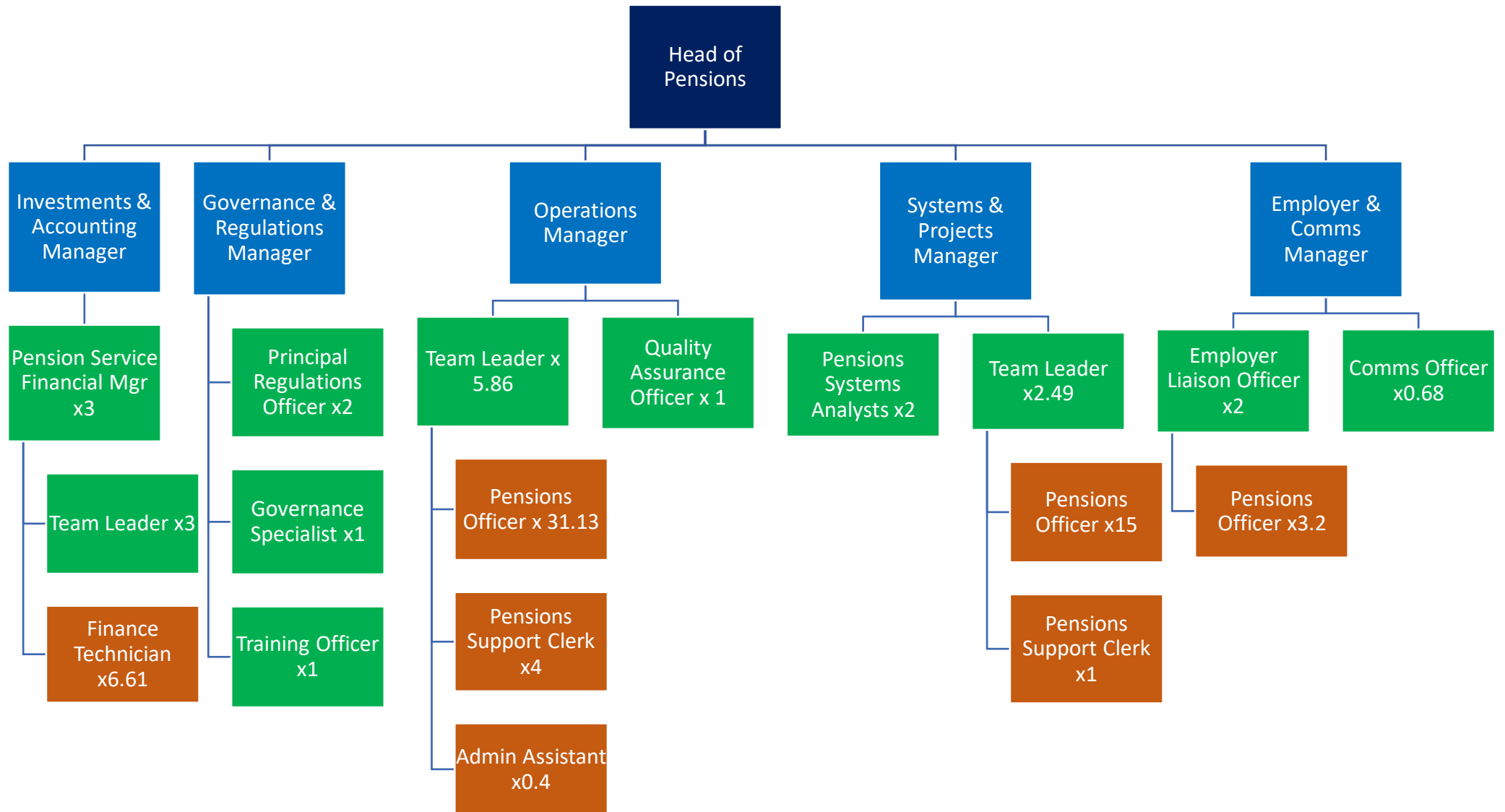
Continue activities within the Fund's Climate Action Plan	<p>In May 2023, the ISC approved the adoption of the carbon footprint metric as the primary metric for monitoring progress against the existing decarbonisation targets, maintaining reductions at 23% by 2024 and 57% by 2030.</p> <p>In November 2023, ISC approved the "roadmap" carbon reporting beyond listed equities.</p>	All activities are listed within the Climate Action Plan – see Appendix D.	All costs associated with this have been included within the Investment and Staffing budgets
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## Communications

<b>Activity</b>	<b>Background</b>	<b>Key Milestones</b>	<b>Resources required</b>
Continue with the development of the website	<p>Following review of the pension fund website and testing of recommended changes, a homepage and example content pages have been developed and comments received from the local pension board.</p> <p>The team will now finish the build of the website during quarter 1 of the scheme year and launch in quarter 2.</p> <p>Following the initial launch, satisfaction of the new website will be tested at the end of quarter 3.</p>	<p>Webpages to be drafted and approved for publication. (April to June 2024).</p> <p>Communicate planned website update to stakeholders (May to July 2024).</p> <p>Launch new website (July 2024).</p> <p>Review satisfaction with new website (December 2024).</p>	No additional financial resource needed. Expenditure carried forward from the project with an original budget of £30k. All costs are therefore included within the staffing and administration budget.
Prepare for 2025 Fund Valuation	<p>The date of the next triennial valuation of the Pension Fund is 31 March 2025 with results to be published by 31 March 2026 and new employer contribution rates effective from 1 April 2026. Officers will work with the Fund's actuarial advisors to develop requirements and plan for the valuation.</p> <p>This will include a review of assumptions to be used for the valuation and preparation of early valuation results for large local authority employers.</p>	<p>Develop plan with Fund Actuary (April to June 2024).</p> <p>Undertake pre-valuation activities (July 2024 to March 2025).</p> <p>Valuation of the Pension Fund April 2025 to March 2026).</p>	Required resources have been included in the administration budget for 2024/25. Associated costs have also been included in the draft budget for 2025/26.

<p>Review suitability of having multiple investment strategies</p>	<p>The Pension Fund Committee previously considered whether to introduce multiple investment strategies to provide greater flexibility to meet the different funding requirements of scheme employers.</p> <p>This was not previously implemented as modelling of a variety of “investment buckets” suggested no material improvement in funding outcomes, with increased downside risk.</p> <p>However, modelling did suggest that multiple investment strategies may provide improved outcomes if certain conditions were different, including if asset values were 20% greater than at the time of the modelling.</p> <p>Reconsideration is therefore proposed via a two-stage process, initially investigating whether the landscape has sufficiently changed to warrant further impact modelling and then a full impact review of the options.</p>	<p>Actuary to carry out initial assessment to determine if conditions have changed sufficiently to warrant further impact modelling (April 2024).</p> <p>Officers to consider results of initial assessment (May to June 2024).</p> <p>Officers to make recommendation to Committee (July 2024).</p> <p>If recommended and approved Fund officers to discuss scope of impact modelling and options to be considered (August to September 2024).</p> <p>Actuary to carry out impact modelling (October to December 2024).</p> <p>Officers to consider results of impact modelling (January 2024).</p> <p>Officers to present results and make recommendation to Committee for approval (March 2025).</p>	<p>Costs will be dependent on the scope of the review. If recommended by the Fund Actuary, the Committee will be asked to approve progress to the second stage of the review and will be provided with updated costs at that time.</p> <p>The cost of the previous impact modelling was £35,000.</p>
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Appendix A: Full Pensions Service structure



## **Cambridgeshire Pension Fund - Climate Action Plan**

### **Calendar Year**

#### **Quarter 1 2022**

Agree decarbonisation pathway and targets that align the beliefs and ambitions of the Investment Sub Committee (ISC). The ISC agreed target reductions in absolute carbon emissions of the Fund's listed equity holdings of at least: <ul style="list-style-type: none"><li>• 23% from June 2021 baseline by 2024</li><li>• 57% from June 2021 baseline by 2030</li></ul>	✓
Communicate agreed targets and aspirations to investment managers	✓
Instruct advisers to investigate high level approaches to climate aware passive equity investing	✓
Publish Climate Action Plan	✓

#### **Quarter 2/3 2022**

ISC receive training on strategic options to decarbonise the Pension Fund's active equity portfolio, including setting targets for existing managers and considering sustainable and impact equity and/or UN Sustainable Development Goals (SDG) alignment	✓
ISC receive report on high level climate aware passive equity options	✓

#### **Quarter 3/4 2022**

Receive implementable proposal on carbon aware passive equity portfolio	✓
Prepare and publish reporting in line with the Task-Force on Climate-Related Financial Disclosures (TCFD) disclosure requirements for the 2021-22 Fund annual report	✓

### **2023**

#### **Quarter 1 2023**

Agree managers and portfolio structures for climate aware passive investing	✓
Analysis of climate metrics as at 30/06/22	✓

### **Quarter 2 2023**

Review progress against targets and appropriateness of metrics.	✓
Continue to engage with existing active equity managers around decarbonisation approaches - as required	✓
Engage with private asset managers to improve carbon data provision for portfolios and increased ESG integration	
Implement carbon aware passive equity in Q2 2023	✓
ISC consider proposals for impact investing in private markets - Infrastructure	✓

### **Quarter 3 2023**

Engage with ACCESS on sustainable/impact infrastructure managers (based on Committee preferences following Q2 2022 discussion)	✓
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### **Quarter 4 2023**

Analysis of climate metrics as at 30/06/23	✓
ISC consider proposals for sustainable/impact investing in listed equity as part of equity portfolio review	

### **2024**

#### **Quarter 1 2024**

ISC consider proposals for including asset classes beyond listed equity in climate reporting and target setting	
Consider setting more granular targets across: - Sustainable/Climate solutions - Transition alignment - Stewardship	
ISC receive report on availability of data and approach on alternatives assets	
ISC consider proposals for sustainable/impact investing in private markets (Private equity/property)	
Review progress against targets and appropriateness of metrics	
Consider draft UK Stewardship Report ahead of submission to FRC	
ISC consider feasibility of including Scope 3 within emissions reduction reporting and targets	

### **Quarter 2 2024**

Use insights and recommendations to shape discussions and support climate change reporting (TCFD) - awaiting outcomes of consultation	
Consider potential connections to biodiversity/natural capital	
Submit approved UK Stewardship Report to FRC	

### **Quarter 3 2024**

Continuation of the work with active managers to implement carbon reduction measures and increase the sustainability of the portfolios they manage	
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# CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

26 April 2024

Report by: Head of Pensions

Subject	Governance and Compliance Report
Purpose of the Report	<p>To provide the Pension Fund Board with information on:</p> <ol style="list-style-type: none"> <li>1) Pensions Dashboards (3)</li> <li>2) McCloud (4)</li> <li>3) Scheme Advisory Board (5)</li> <li>4) The Pensions Ombudsman (6)</li> <li>5) The Pensions Regulator (7)</li> <li>6) Skills and knowledge opportunities (7)</li> </ol> <p>The report also provides details of immaterial amendments made to policies or strategies as a result of Officer reviews (8).</p>
Recommendations	The Pension Fund Board are asked to note the Governance and Compliance Report.
Enquiries to:	<p>Michelle Oakensen Governance and Regulations Manager <a href="mailto:michelle.oakensen@westnorthants.gov.uk">michelle.oakensen@westnorthants.gov.uk</a></p>

## 1. Background

- 1.1 This report provides an update on developments and issues that impact the LGPS that members of the Pension Board need to be aware of to fulfil their responsibilities to the Fund's key stakeholders.

## 2. Executive Summary

- 2.1 This report provides the Board with information on the following significant current issues which have an impact on the governance, management and administration of the Cambridgeshire Pension Fund.

- Pensions Dashboards (3)
- McCloud (4)
- Scheme Advisory Board (5)
- The Pensions Ombudsman (6)
- The Pensions Regulator (7)
- Skills and knowledge opportunities (7)

2.2 The report also provides details of immaterial amendments made to policies or strategies as a result of Officer reviews (8).

### 3. Pensions Dashboards

#### Pension Dashboard Programme

3.1 The Department for Work and Pensions (DWP) has issued a [written ministerial statement](#) providing an update on the [publication of connection guidance](#) which includes the new staging timeline for connecting to pensions dashboards. The ministerial statement can be found [here](#) and the connection guidance [here](#) .

3.2 The statement explains that following the amended [Pensions Dashboards Regulations 2023](#) and new connection deadline of 31 October 2026, the supporting guidance will detail when pension providers and schemes are expected to connect to dashboards, which will start from April 2025. The Pension Dashboards Regulations 2023 can be found [here](#) .

3.3 The timetable prioritises connection of the largest pension schemes and providers, so that crucial user testing can quickly take place at scale, with the first cohort expected to have completed connection by the end of April 2025. Whilst the timetable is not mandatory, it is a legal requirement that trustees, or managers of occupational pension schemes and providers of personal and stakeholder pensions have regard to this guidance.

3.4 The secretary of State for Work and Pensions published the guidance setting out a staged timetable for connection on 25 March 2024 confirming that all schemes and providers in scope are legally required to be connected to the pensions dashboards ecosystem and be ready to respond to requests for pensions information by 31 October 2026 at the latest.

3.5 All public service pension schemes need to connect by 31 October 2025 and the Cambridgeshire Pension Fund will be working to this confirmed date.

#### The Pensions Regulator dashboard checklist

3.6 The Pensions Regulator has published a blog encouraging schemes to follow their dashboard checklist. Cambridgeshire Pension Fund is progressing well against the checklist and is included as Appendix A of the report.

3.7 Project plan activities based on the LGAs connection guide will be undertaken in the following areas in order to connect to the Pension Dashboard:

- Governance
- Internal controls
- Connection
- Record keeping
- Budget
- Resource
- Data

#### PASA dashboard guidance

3.8 The Pensions Administrations Standards Association (PASA) has published Pensions Dashboards Connection Ready Guidance and a 'Call to Action'.

- 3.9 The Connection Ready Guidance explains what being 'connection ready' means and what a typical scheme plan could look like. It covers five main areas: governance, matching, value data, technology and administration. For each area, it describes the key activities, how to do them, why they matter and how to show that they have been done.
- 3.10 The Call to Action lists the top five actions that schemes need to take now to prepare for dashboards and can be found [here](#).
- 3.11 PASA will release further supporting materials in the next few months, such as practical tips for certain connection ready activities, checklist of key actions and outlines of connection ready decisions.
- 3.12 The Pensions Dashboards Connection Ready Guidance can be found [here](#).

## 4 McCloud

### McCloud implementation guidance consultation

- 4.1 Draft statutory guidance regarding the implementation of the McCloud in the LGPS has been circulated by DLUHC which sought views from of the Local Government Pensions Committee, members of the LGPS scheme advisory board, representatives of LGPS administrators, representatives of fund actuaries, and LGPS pensions administration software suppliers.
- 4.2 The aim of the document is to provide guidance on a number of areas that would benefit from additional guidance when implementing the remedy. The guidance is intended to support administering authorities by achieving a consistent application of the remedy and providing guidance on how technical issues should be approached.
- 4.3 The closing date for responses was 12 April 2024 and the Cambridgeshire Pension Fund responded through the East Midlands Regional Group.

## 5 Scheme Advisory Board

### SAB commissions report on the LGPS and Sharia law

- 5.1 In 2022, the Board received legal advice from Lydia Seymour (Counsel) on members opting out of the LGPS on the basis of their (principally Islamic) religious belief, and whether this might constitute unlawful discrimination. In order to give a definitive opinion, Counsel advised that she needed to understand better the basis of those beliefs and the extent to which they would be broadly shared across the Muslim community.
- 5.2 The Board commissioned Mufti Faraz Adam of Amanah Associates, an Islamic finance expert, to produce a report on Sharia law and the LGPS. The aim being to address any possible legal risk for scheme employers and to ensure the scheme is as inclusive as possible.
- 5.3 The report examines the issue from the starting point that the LGPS is an extension of the employer/employee contract. The report concludes that as a part of the contractual arrangement between employer and employees, Muslim employees can continue to contribute to, and benefit from, the excellent benefits offered by the LGPS.
- 5.4 In publishing the report, the Board made no claim of expertise on the matter of Sharia law and wishes to be clear that the report represents the views of the author and not the Board. More information can be found [here](#).

## Annual Report Guidance

- 5.5 A workstream was established to review the 2019 guidance and identify changes required to streamline the current guidance and bring it up to date and draft guidance was approved by both the SAB's Compliance and Reporting Committee (CRC) and the Chartered Institute of Public Finance and Accountancy Public Finance Management Board in February 2024.
- 5.6 The guidance will apply to 2023/24 annual reports which are due for publication by 1 December 2024 and later years. It is acknowledged it may be a challenge to report on all the new requirements for the 2023/24 reporting year, as changes to the recording and reporting of data may take time to implement. The guidance says pension funds should use their best endeavours to comply fully with the requirements but exercise judgement where, because of changes to the previous content, to do so would require disproportionate effort or cost.

## Funding Strategy Statement (FSS) Guidance

- 5.7 The annual report guidance is close to completion and the CRC has agreed its next priority will be to revise the FSS guidance. This was last updated in 2016 and the aim is to create content in relation to:
- setting up of academies on conversion
  - use of employer flexibilities and deferred debt arrangements
  - employer representations around asset strategies and partial terminations
  - treatment of exit debts and credits
  - consultation with employers.

## Economic Activity of Public Bodies (Overseas Matters) Bill

- 5.8 Ahead of the second reading debate on the Bill in the House of Lords on 20 February 2024, the Local Government Association published a further briefing on the Economic Activity of Public Bodies (Overseas Matters) Bill. The briefing includes matters raised in previous briefings for the House of Commons and suggested some amendments that the LGA would support. The Bill can be found [here](#).

## Gender Pensions Gap

- 5.9 The Gender Pensions Gap working group met for the third time on 13 February 2024. It continued to explore what practical actions can be taken to address the underlying issues contributing to the pensions gap identified by the Government Actuary's Department (GAD) in the SAB commissioned reports.
- 5.10 As part of the four actions explored by the group, the SAB secretariat and LGA Workforce team will put on a virtual event for local government human resources (HR) professionals on 9 May 2024. The aim of the event is to improve awareness amongst HR practitioners, discuss what best practice already exists amongst employers and encourage them to review the information and pension communications available for their staff at key life points.

- 5.11 There was also a post in the LGA's Workforce blog in March 2024 and the publication of a frequently asked questions document to support administering authorities and employers to ensure members are able to make informed choices about their pensions throughout their working career, during key life events.

## 6. The Pensions Ombudsman Response to Court of Appeal ruling

- 6.1 TPO has expressed its disappointment about the recent Court of Appeal ruling that it is not a competent court for enforcing a dispute about a monetary obligation under section 91(6) of the Pensions Act 1995.
- 6.2 The ruling means that a TPO decision to allow recoupment / recovery from a pension is not enough to enforce it. The scheme also needs an order from a County Court.
- 6.3 The Department for Work and Pensions is supporting legislative changes to formally empower TPO to bring these disputes to an end without needing a County Court Order.
- 6.4 In the meantime, TPO has been working with stakeholders across the sector to review the management of such disputes to minimise the additional time and cost that has been added to the process. It has also published a recovery in overpayment cases factsheet to provide guidance to help schemes manage these disputes.
- 6.5 The response to the judgement can be found [here](#) and the overpayments cases factsheet can be found [here](#).

### Interim chair of the Pensions Ombudsman appointed

- 6.6 DWP has appointed Anthony Arter as the Interim Chair of TPO. Anthony served as the Pensions Ombudsman for eight years until January 2023, followed by a period as the Deputy Pensions Ombudsman. He will serve as the Interim Chair until a permanent Chair is appointed.

## 7. The Pensions Regulator General Code of Practice

- 7.1 On 10 January 2024, the Pensions Regulator responded to the 2021 consultation on the new code of practice which came into force on 27 March 2024. It replaces Code of Practice 14 for public service pension schemes and brings together ten previous TPR Codes into one code.
- 7.2 The SAB's Secretariat is studying the Code closely to identify any new requirements for administering authorities and how the Code's requirements align with items on the SAB workplan, such as the SAB's 2021 Good Governance recommendations.
- 7.3 TPR's research on governance and administration shows that the LGPS already has high standards of governance in place. The Code provides an opportunity for funds to review current practices, but also presents challenges during what is already a busy time for the LGPS. Clarity is required on which parts of the Code apply to the LGPS, what these mean for administering authorities and how they should be applied in practice. The SAB will support authorities in understanding any new requirements in the Code and, where needed, will produce new or update existing guidance to help authorities with their responsibilities.
- 7.4 The new code of practice can be found [here](#).

### Skills and knowledge opportunities

- 7.5 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 Board to maintain the necessary skills and knowledge to undertake their role effectively.
- 7.6 If members of the Pension Board 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.
- 7.7 The Training Strategy was approved at the July meeting of the Pension Committee and members have until 24 July 2024 to complete the mandatory training modules. Please find the Training Strategy [here](#).

## 8 Cambridgeshire Pension Fund Policy/Strategy updates

- 8.1 In March 2023 the Pension Fund Committee agreed for all policies and strategies to be reviewed by the Committee on a three year cycle (unless stated otherwise) with Officer reviews to be conducted on an annual basis or as deemed necessary.
- 8.2 For the period the following non material amendments were applied:

Policy/Strategy	Review reason	Amendments made
Conflicts of Interest Policy	Annual review due	The approval, review and consultation section has been updated to reflect that annual Officer reviews will be conducted in addition to the three-year Committee review cycle.
Reporting breaches of the Law to the Pensions Regulator Policy	Annual review due	The General Code of Practice has been laid in Parliament and came into force 27 March 2024. As the reporting breaches of the law is a component of the Code, Officers will review in line with the new Code. No material changes are expected, and confirmation of the review will be reported to the Committee at the June meeting.
Risk Strategy	Annual review due	To review after March to align with the new General Code and to seek views on approach from our new governance advisors. As part of Local Pension Board discussions to also explore using an assurance mapping approach.
Cessations Policy	Annual review due	The review is slightly delayed whilst the outcome of the actuarial procurement was awaited. The results of the review will be reported to the Committee at the June meeting and to the Board at the July meeting.

- 8.3 The amended Conflict of Interest Policy has been published to the website.
- 8.4 In addition the Cyber Hygiene Guidelines have also been reviewed in line with the relevant module in the new General Code and the Pension Regulators cyber security principles guidance. A copy will be circulated to all Committee and Board members.



## 9 Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>Objective 1</i>
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. <i>Objective 2</i>
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. <i>Objective 3</i>
To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

### 10. Implications (including financial implications)

#### Resources and Financial

10.1 There are no resources or financial implications arising from the report.

#### Legal

10.2 There are no legal implications directly arising from this "for information" report. Any legal implications arising from the issues discussed will be identified and highlighted at the appropriate time.

#### Risk Management

10.3 The Constitution Section 4.8 para 1.3 states that the Pension Committee has "Authority to develop and maintain a skills and knowledge framework for all Pension Committee and Investment sub-committee members and for all officers of the Fund including;

- (i) Determining the Fund's knowledge and skills framework;
- (ii) Identifying training requirements;
- (iii) Developing training plans; and
- (iv) Monitoring attendance at training events.

10.4 This report ensures on-going compliance with the above and that the Pension Committee is up to date with:

- New or amending legislation affecting the LGPS;
- Relevant activities of the LGPS Scheme Advisory Board and the Pensions Regulator that concern the governance of the (LGPS) on a national and local basis; and
- Skills and knowledge opportunities.

10.5 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

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

[Fund Risk Register.](#)

Consultation

- 10.7 The Fund is kept updated with developments and consultations via various sources such as the Local Government Association, The Pensions Regulator and Scheme Advisory Board. No consultation was required for this report.

Appendices

- 10.8 Appendix 1 Cambridgeshire Pension Fund Training Plan
- 10.9 Appendix 2 Progress made against the Pension Regulators dashboard checklist

<b>Checklist of Key Approvals</b>	
Has this report been cleared by Head of Pensions?	Mark Whitby – 26/03/2024



## Training plan 2024

Date	Training	Method of delivery	Delivered by	Target audience	Additional Information
<b>JANUARY</b>	Governance Conference	Conference – hybrid	Local Government Association (LGA)	Committee, Board & Officer	18-19 January 2024 (online/York)
<b>FEBRUARY</b>	Equality, Diversity and Inclusion (EDI)	TBC	Aon	Committee, Board & Officers	TBC
<b>MARCH</b>	LGC Investment Seminar	Conference	Local Government Chronicle (LGC)	Committee, Board & Officers	14-15 March 2024 <a href="https://www.lgcplus.com">LGC Investment Seminar 2024 (lgcplus.com)</a>
<b>APRIL</b>					
<b>MAY</b>					
<b>JUNE</b>	Local Authority Conference 2024	Conference – face to face	Pension and Lifetime Savings Association (PLSA)	Committee, Board & Officer	11-13 June 2024 <a href="#">Local Authority Conference   PLSA</a>
	ACCESS Investor Day		Waystone		26 June (1 Wimpole Street, London)
<b>JULY</b>	Equality, Diversity and Inclusion (EDI)	TBC	TBC	Committee, Board & Officers	TBC
<b>AUGUST</b>					
<b>SEPTEMBER</b>	Investment and Pensions Summit	TBC	Local Government Chronicle (LGC)	Committee, Board & Officer	12-13 September at the Eastside Rooms, Birmingham
<b>OCTOBER</b>					



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# Cambridgeshire Pension Fund

## Appendix 1

Date	Training	Method of delivery	Delivered by	Target audience	Additional Information
<b>NOVEMBER</b>	ACCESS Investor Day	TBC	Waystone	Committee & Officer	TBC
<b>DECEMBER</b>	Annual Conference 2024	TBC	Local Authority Pension Fund Forum (LAPFF)	Committee, Board & Officer	TBC



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Appendix 2 – The Pension Regulator’s preparing to connect checklist: Progress of the Cambridgeshire Pension Fund

Preparation checklist	Relevant guidance	Your status comments
<b>Start now: general tasks</b>		
Establish pensions dashboards as a regular agenda item at board meetings.	Overview – your role and legal duties.	Completed – Delivered as part of the Governance and Compliance Report at each meeting of the Committee and Board.
Discuss pensions dashboards with your administrator and other relevant parties (such as software provider, actuary, legal adviser, employer, additional voluntary contribution provider).	Overview – working with advisers and providers.	Underway – software provider – a dashboard readiness report has been received providing detail on the accuracy of the “find” and “value” data. In Q1 2024/25 a data improvement plan will be produced to identify priorities and timescales, including results from the data matching reports if the procurement process is completed in time.  AVC Providers – Exploring whether the AVC providers will display this information separately.
Explore your route to connection – either building own interface or using a (new or existing) third-party solution.	Connecting to pensions dashboards – choosing a digital interface.	Discussions underway with pensions administration software supplier to procure their ISP services and data matching reports.
If required, appoint new suppliers or revise contracts for existing suppliers.	Connecting to pensions dashboards – choosing a digital interface.	See above.
<b>Start now: data tasks</b>		
Understand what personal data you will receive from the digital architecture to help you match members to their pensions.	Matching people with their pensions.	A dashboard readiness report has been received providing detail on the accuracy of the “find” and “value” data. By Q1 2024/25 a data improvement plan will be produced to identify priorities and timescales, including results from the data matching reports if the procurement process is completed in time.

Appendix 2 – The Pension Regulator’s preparing to connect checklist: Progress of the Cambridgeshire Pension Fund

Assess the quality and digital accessibility of personal data in your records.	Matching people with their pensions.	Pending procurement of data matching reports.
Consider which data items you will use to confirm matches are made or that there are possible matches.	Matching people with their pensions.	Following production of the data improvement plan in Q1 2024/25.
Where your member personal data needs improving, put plans in place to deliver the improvements.	Matching people with their pensions.	A dashboard readiness report has been received providing detail on the accuracy of the “find” and “value” data. During Q1 2024/25 a data improvement plan will be produced to identify priorities and timescales, including results from the data matching reports if the procurement process is completed in time.
Understand what data you will need to return to members and by when.	Information to provide to members.	We have started to review the data standards - <a href="#">View data   Pensions Dashboards Programme</a> .
Assess the quality and digital accessibility of the data that will be provided to your members.	Information to provide to members.	
<b>Preparation checklist</b>	<b>Relevant guidance</b>	<b>Your status comments</b>
Consider how you will calculate the value data so that it is provided in line with dashboard requirements – calculated in line with ASTM1 or scheme rules, and sufficiently recent.	Information to provide to members.	We expect to use the most up to date data from the members Annual Benefit Statements.
Where value data is not in line with dashboard requirements, put plans in place to ensure you can meet your dashboard duties.	Information to provide to members.	We expect our data to be in line with the requirements of the dashboards.
<b>Ongoing actions</b>		
Stay up to date with developments to the regulations, Money and Pensions Service standards and our guidance.	Stay in touch with developments.	

Appendix 2 – The Pension Regulator’s preparing to connect checklist: Progress of the Cambridgeshire Pension Fund

Check that your team and suppliers are on track to deliver.	Overview – working with advisers and providers.	
Record key decisions and progress as per your existing governance processes.	Ongoing connection and record-keeping requirements.	
Review and update your Data Protection Impact Assessment (DPIA) in line with your data improvement plan.	Matching people with their pensions – preparing your data for matching.	



# CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

26 April 2024

Report by: HEAD OF PENSIONS

Subject	Communications plan
Purpose of the report	To present the Funds Communication plan to the Pension Fund Board for post-scrutiny.
Recommendations	The Pension Fund Board are asked to note the Communications plan.
Enquiries to:	Sharon Grimshaw Communications Officer <a href="mailto:sharon.grimshaw@westnorthants.gov.uk">sharon.grimshaw@westnorthants.gov.uk</a>

## 1. Background

Regulation 61 of the LGPS regulations 2013 states that an administering authority must prepare, maintain and publish a written statement setting out its policy on communications with members and employers. The communications plan for 2024/25 details the communications activities within the scheme year and can be found in appendix 1.

## 2. Executive summary

- 2.1 The communications plan outlines our activities monthly for each stakeholder group and was approved by the Pension Fund Committee at its last meeting and is being presented to the Board for post-scrutiny.
- 2.2 As well as sending out statutory communications planned newsletters, surveys, employer training and web updates it also highlights other key communications initiatives.

## 3. Communications plan 2024/2025

- 3.1 The communications plan outlines our activities for the year, monthly, for each of our stakeholders.
- 3.2 Q1 will mainly be focussed on the development of our new website. We're aiming to launch the website in Q2 which will tie in with our annual benefit communications and our employers' forum. We'll also use the forum to consult on our new administration strategy.
- 3.3 In Q3 we'll focus on embedding our new brand guidelines and making sure that as a service we're:
- using plain language
  - writing inclusively
  - engaging our audience.
- 3.4 In Q4 our focus will be on launching the enhanced member self-service portal to increase member engagement. This is subject to some improvements being made to the service.
- 3.5 Our communications plan also highlights our intention to promote campaigns like:
- pensions awareness week
  - pension attention campaign
  - national pension tracing day

and to work with the LGA on initiatives like the new starter engagement and midlife MOTs.

3.6 The plan also includes timings for:

- statutory communications
- cyclical newsletters
- surveys
- employer training.

#### 4. Relevant Pension Fund objectives

To promote the scheme as a valuable benefit.
To deliver accessible communications to stakeholders.
To give members up to date information about the scheme so they can make informed decisions about their benefits.
To get regular feedback from all stakeholders to help us to shape our administration.

#### 5. Risk management

5.1 We're required by legislation to prepare, maintain and publish a written statement setting out our policy on communications with members and employers.

5.2 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
Failure to administer the scheme in line with regulations and guidance.	Green

5.3 Our full risk register can be found on our [website](#).

#### 6. Communication implications

Direct communications	The communications plan will be published on our website. The Committee will be updated on the website development and enhanced member self-service portal through the business plan.
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#### 7. Finance & resources implications

7.1 There are no direct finance and resourcing implications of the communications plan in general. Ongoing communication costs are picked up in the administration budget. Our new website and enhanced member self-service portal have been budgeted for within the business plan.

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

#### 8. Legal implications

8.1 No material issues have been identified which may give rise to legal liability and/or risk from an administering authority perspective.

#### 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 [Communications strategy](#).

12. Appendices

12.1 Appendix 1 Communications plan.

### Checklist of key approvals

Has this report been cleared by Head of Pensions?	Mark Whitby – 28/03/2024
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## Communications plan 2024/25

Month	Active members	Scheme employers	Prospective members	Deferred members	Retired & dependant members	Fund staff
<b>APR</b>	<ul style="list-style-type: none"> <li>Member satisfaction survey</li> </ul>			<ul style="list-style-type: none"> <li>Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Payslip – online pension promotion</li> <li>Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Website user testing</li> </ul>
<b>MAY</b>	<ul style="list-style-type: none"> <li>Member satisfaction survey</li> <li>Website user testing</li> </ul>	<ul style="list-style-type: none"> <li>Employer training</li> <li>Employer newsletter</li> <li>Website user testing</li> </ul>	<ul style="list-style-type: none"> <li>Website user testing</li> </ul>	<ul style="list-style-type: none"> <li>Member satisfaction survey</li> <li>Website user testing</li> </ul>	<ul style="list-style-type: none"> <li>Payslip – online pension promotion</li> <li>Member satisfaction survey</li> <li>Website user testing</li> </ul>	<ul style="list-style-type: none"> <li>Website user testing</li> </ul>
<b>JUN</b>	<ul style="list-style-type: none"> <li>Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Employer training</li> </ul>		<ul style="list-style-type: none"> <li>Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Member satisfaction survey</li> <li>Website user testing</li> </ul>	<ul style="list-style-type: none"> <li>Staff newsletter</li> <li>Website user testing</li> </ul>
<b>JUL</b>	<ul style="list-style-type: none"> <li>Website launch</li> <li>Online pension promotion</li> <li>Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Employer forum <ul style="list-style-type: none"> <li>Admin strategy consultation</li> <li>Website launch</li> </ul> </li> <li>Employer training</li> <li>Online pension promotion pack</li> </ul>	<ul style="list-style-type: none"> <li>Website launch</li> <li>Online pension promotion</li> </ul>	<ul style="list-style-type: none"> <li>Annual benefit statements</li> <li>Member newsletter <ul style="list-style-type: none"> <li>Website launch</li> <li>Pensions dashboards</li> <li>Anti-fraud communication</li> <li>Online pension promotion</li> </ul> </li> <li>Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Website launch</li> </ul>
<b>AUG</b>	<ul style="list-style-type: none"> <li>Annual benefit statements</li> <li>Member newsletter <ul style="list-style-type: none"> <li>Website launch</li> <li>Pensions dashboards</li> <li>Anti-fraud communication</li> <li>Online pension promotion</li> </ul> </li> <li>Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Active annual benefit statement comms materials for employers</li> </ul>	<ul style="list-style-type: none"> <li>Online pension promotion</li> </ul>	<ul style="list-style-type: none"> <li>Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Member satisfaction survey</li> </ul>	

Month	Active members	Scheme employers	Prospective members	Deferred members	Retired & dependant members	Fund staff
<b>SEPT</b>	<ul style="list-style-type: none"> <li>• New website promotion</li> <li>• Pensions awareness week / pension attention campaign</li> <li>• Online pension promotion</li> <li>• Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>• Employer training</li> <li>• Employer newsletter</li> <li>• New website promotion</li> <li>• Pensions awareness week/ pension attention campaign</li> </ul>	<ul style="list-style-type: none"> <li>• New website promotion</li> <li>• Pensions awareness campaign</li> <li>• Online pension promotion</li> </ul>	<ul style="list-style-type: none"> <li>• New website promotion</li> <li>• Pensions awareness week / pension attention campaign</li> <li>• Online pension promotion</li> <li>• Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>• New website promotion</li> <li>• Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>• Staff newsletter</li> <li>• New website promotion</li> <li>• Embedding new brand guidelines</li> </ul>
<b>OCT</b>	<ul style="list-style-type: none"> <li>• National pension tracing day</li> <li>• Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>• Employer training</li> <li>• National pension tracing day</li> </ul>	<ul style="list-style-type: none"> <li>• National pension tracing day</li> </ul>	<ul style="list-style-type: none"> <li>• National pension tracing day</li> <li>• Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>• Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>• Embedding new brand guidelines</li> </ul>
<b>NOV</b>	<ul style="list-style-type: none"> <li>• Member satisfaction survey</li> <li>• New starter engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Employer training</li> <li>• New starter video/bitesize training</li> <li>• Pre-valuation comms</li> </ul>		<ul style="list-style-type: none"> <li>• Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>• Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>• Embedding new brand guidelines</li> </ul>
<b>DEC</b>	<ul style="list-style-type: none"> <li>• Member satisfaction survey</li> <li>• Website feedback</li> </ul>	<ul style="list-style-type: none"> <li>• Employer newsletter</li> <li>• Website feedback</li> </ul>	<ul style="list-style-type: none"> <li>• Website feedback</li> </ul>	<ul style="list-style-type: none"> <li>• Member satisfaction survey</li> <li>• Website feedback</li> </ul>	<ul style="list-style-type: none"> <li>• Member satisfaction survey</li> <li>• Website feedback</li> </ul>	<ul style="list-style-type: none"> <li>• Staff newsletter</li> <li>• Embedding new brand guidelines</li> </ul>
<b>JAN</b>	<ul style="list-style-type: none"> <li>• Member satisfaction survey</li> <li>• Enhanced member self-service portal</li> </ul>	<ul style="list-style-type: none"> <li>• Employer training</li> <li>• Enhanced member self-service portal</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced member self-service portal</li> </ul>	<ul style="list-style-type: none"> <li>• Member satisfaction survey</li> <li>• Enhanced member self-service portal</li> </ul>	<ul style="list-style-type: none"> <li>• Member satisfaction survey</li> <li>• Enhanced member self-service portal</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced member self-service portal</li> </ul>
<b>FEB</b>	<ul style="list-style-type: none"> <li>• Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>• Employer training</li> <li>• Employer Forum <ul style="list-style-type: none"> <li>▪ Valuation launch</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>• Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>• Member newsletter <ul style="list-style-type: none"> <li>▪ Website launch</li> <li>▪ Pensions dashboards</li> <li>▪ Anti-fraud communication</li> <li>▪ Online pension promotion</li> </ul> </li> <li>• Member satisfaction survey</li> </ul>	
<b>MAR</b>	<ul style="list-style-type: none"> <li>• Member satisfaction survey</li> <li>• Midlife MOTs promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Employer newsletter <ul style="list-style-type: none"> <li>▪ Pensions dashboards</li> <li>▪ New contribution rates</li> </ul> </li> <li>• Midlife MOTs promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Midlife MOTs promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Member satisfaction survey</li> <li>• Midlife MOTs promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Payslip – online pension promotion</li> <li>• Member satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>• Staff newsletter</li> </ul>



# CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

26 April 2024

Report by: HEAD OF PENSIONS

Subject	Cambridgeshire Pension Fund Equality, Diversity and Inclusion (EDI) approach
Purpose of the Report	To present to the Pension Board a report on the planned approach to Equality, Diversity and Inclusion (EDI) within the Cambridgeshire Pension Fund.
Recommendations	The Pension Board is asked to review the proposed EDI actions located in appendix A.
Enquiries to:	Michelle Oakensen Governance and Regulations Manager michelle.oakensen@westnorthants.gov.uk

## 1. Background

- 1.1. The Pensions Regulator issued guidance in March 2023 on Equality, Diversity and Inclusion, which outlined principles for how scheme managers should approach EDI issues, and practical ideas about how to implement them.
- 1.2. The TPR's EDI guidance covers areas such as the role of the chair, performance assessment, inclusive culture, recruitment and diversity of thought but also links to investment decisions and communications issued by the fund.
- 1.3. In January 2024 the Pensions Regulator published the new General Code which brings further focus onto EDI issues.

## 2. Executive Summary

- 2.1. This report sets out the requirements set out by the Pensions Regulator (TPR) and the approach that the Cambridgeshire Pension Fund will undertake in order to comply with the principles.
- 2.2. The report provides an explanation of EDI and why this is important for the Fund to adhere to a best practice approach.
- 2.3. Appendix 1 contains the proposed actions to achieve compliance with TPR EDI guidance.

## 3. Issues and Choices

### **What is equality, diversity, and inclusion?**

#### **Equality**

- 3.1. Equality is about ensuring that every individual has an equal opportunity to make the most of their lives and talents. No one should have poorer life chances because of the way they were born, where they come from, what they believe, or whether they have a disability. Historically certain groups of people with protected characteristics such as race, disability, sex and sexual orientation have experienced discrimination according to the Equality and Human Rights Commission.

## **Diversity**

- 3.2. There can be many 'forms' of diversity, which capture a wide variety of individual differences, that may not be immediately apparent when we first meet someone.
- 3.3. In the UK, it is illegal to discriminate against someone on the basis of certain 'diverse' characteristics. The Equality Act 2010 prohibits less favourable treatment on the basis of nine protected characteristics (Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex, Sexual Orientation).
- 3.4. Neurodiversity, socio-economic background and many forms of disability including mental health conditions are also encompassed when considering diversity.

## **Inclusion**

- 3.5. Inclusion occurs when a group actively enables all of its members to fully participate, irrespective of their individual characteristics. Inclusion is positively embracing differences to create a group where different perspectives and opinions are valued and encouraged.
- 3.6. Equality, diversity and inclusion are interlinked and although having people with different life experience might mean that a governing body is more diverse, in reality if those individuals are not respected or heard, the governing body would not benefit from the experiences of those individuals.

## **Why EDI is important for the Fund.**

- 3.7. There has been a steady increase in membership within the Cambridgeshire Pension Fund and EDI considerations are importantly becoming good practice to ensure Funds are administered in a way that works for everyone.
- 3.8. A diverse and inclusive Committee and Board with a broad range of characteristics, life experiences, expertise and skills will lead to:
  - Wider discussion encouraging new thinking and approaches.
  - More effective decision making that reflects members needs and values.
  - Improved value for money for members.
  - Deeper understanding of issues that have a real influence on members incomes.
  - Better decision making that impacts quality of life for a wide range of individuals.
  - Greater understanding, insight and empathy for scheme beneficiaries (such as discretionary death benefits and ill health decisions).
  - Improved communications with scheme members.
- 3.9. The Pension's and Lifetime Savings Association guidance identifies that artificial intelligence based research into the performance of heterogenous versus homogenous groups has shown that diverse groups are better at:
  - Paying attention to the key facts and assessing relevant evidence.
  - Reasoning.
  - Reaching the 'best conclusion'.
  - Explaining their decisions.

These skills are highly desirable for members seeking to discharge legal duties and provide the best outcome for members.

- 3.10. Committee and Board members will likely possess some or all of these characteristics, but one of the key requirements with decision-making is the ability to take account of relevant factors and disregard irrelevant factors so as not to reach a perverse or irrational conclusion.

### **The Cambridgeshire Pension Fund EDI action plan**

#### **The governing body**

- 3.11. As per the Pensions Regulator governing bodies EDI guidance, having a diverse and inclusive Committee/Board can be broken down into actions associated with recruiting diverse representation, and actions aimed at the retention and continuous development of existing members.
- 3.12. The action plan located in appendix 1, includes the planned approach for implementing diversity and inclusion within Cambridgeshire Pension Fund recruitment and selection processes for members.
- 3.13. The first key area to consider will be training for Committee and Board members as well as Officers to ensure the right level of understanding is embedded before any further decisions are made.
- 3.14. Recognising there will be some barriers to EDI, such as requirements for membership to include individuals from certain cohorts and not attracting interest from a diverse group of candidates but it is the intention of the Cambridgeshire Pension to apply best practice where applicable.

#### **Wider EDI activities**

- 3.15. Building upon the Pension Regulators expectations, the Cambridgeshire Pension Fund in conjunction with Aon have identified additional activities to enhance the EDI approach of the Fund in other areas to ensure best practice where viable. The action plan therefore also includes activities for member communications, investment decisions and managing advisors and suppliers.

#### **Next Steps**

- 3.16. Upon confirmation that the Board are content with the Cambridgeshire Pension Fund approach to EDI, the next stage will be to review the training requirements for the Committee, Board and Officers of the Fund. The agreed action plan will be presented to the Pension Committee in June. Further updates will be provided via the Business Plan Update reports.

#### 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.
To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
To administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.
To promote the scheme as a valuable benefit.
To deliver accessible 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.

#### 5. Risk management

- 5.1. There is a risk that the Fund does not have a diverse membership which could impact effective governance. There is also the risk that the Fund is not engaging with as many members/stakeholders as it could be to provide valuable scheme information.
- 5.2. 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 act appropriately upon expert advice and/or risk of poor advice.	Green

- 5.3. The executive summary can be found on the Fund's website at the following link:

[Cambridgeshire Risk Register](#)



6. Implications (including financial implications)

**Resources and Financial**

6.1 Officers worked in conjunction with Aon to produce the action plan.

**Legal**

6.2 There are no legal implications arising from the proposals.

**Consultation**

6.3 No consultation has been required arising from the proposals within this report.

7. Background Papers

7.1. PLSA Diversity and Inclusion guide - [Diversity-and-Inclusion-Made-Simple.pdf \(plsa.co.uk\)](https://www.plsa.co.uk/PLSA-Diversity-and-Inclusion-Made-Simple.pdf)

TPR EDI overview [EDI overview | The Pensions Regulator](https://www.thepensionsregulator.gov.uk/edi-overview)

8. Appendices

8.1. Appendix 1 – Equality, Diversity and Inclusion (EDI) Action Plan

<b>Checklist of Key Approvals</b>	
Has this report been cleared by Head of Pensions?	Mark Whitby – 25/03/2024



# Equality, Diversity and Inclusion (EDI) Action Plan for 2024/25



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## Equality, Diversity and Inclusion (EDI) action log for 2024/25

### Background and further information

In developing this EDI action log for the Cambridgeshire Pension Fund (CPF) we are mindful of the requirements of the [Pension Regulator's \(TPR's\) Equality and Diversity Guidance](#) issued in March 2023 including '[Governing bodies: EDI Guidance](#)' and '[Employers: EDI Guidance](#)'. That guidance outlines principles for how scheme managers (i.e., the Administering Authority) and local pension board members should approach EDI issues, and practical ideas about how to implement them. The TPR's EDI guidance covers areas including the role of the chair, performance assessment, inclusive culture, recruitment and diversity of thought but EDI also links into investments (Environmental, Social and Governance aspects) and communications issued by the fund so is a broad area.

The publication of the new [TPR General Code](#) in January 2024 brings further focus onto EDI issues, for example in the Role of the Governing Body module it states "As far as possible, the governing body should be well-balanced and diverse, with its members demonstrating varied skills, knowledge and experience", and in the Recruitment and Appointment to the Governing Body module it set out that "It is important to regularly review the governing body's membership to ensure a diverse spread of members with varied technical skills and experience".

In addition, there are a number of relevant documents which Cambridgeshire County Council (as the Administering Authority) that are relevant when considering EDI requirements as well as some Fund strategies that have an EDI perspective including:

- Cambridgeshire County Council's Equality Impact Assessments (EqIAs)
- Cambridgeshire County Council's Equality, Diversity and Inclusion Strategy
- Cambridgeshire Pension Fund's [Communications Strategy](#) (Equality and accessibility)



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2024/25 Action Plan

Area	CPF Action	Timeline
<p><b>Training</b></p> <ul style="list-style-type: none"> <li>- Support Pension Fund Committee, Investment Sub-Committee and Local Pension Board Members and Fund Officers to build and develop their EDI knowledge and understanding through regular training.</li> </ul>	<ol style="list-style-type: none"> <li>1. <b>Introductory EDI training</b> for all Pension Fund Committee/Investment Sub Committee members, Local Pension Board members.</li> <li>2. <b>Fund Officer training</b> – identify what Administering Authority provide Officers.</li> <li>3. Identify what <b>additional training requirements (specific to the Fund) are needed for Officers</b> (e.g., supplement with relevant training from item 1 above where required).</li> <li>4. Identify <b>approach to EDI training going forward</b> in terms of how often to add to training plan and also consider what information needs to be added to induction training plans.</li> </ol>	<ol style="list-style-type: none"> <li>1. Introductory training – as soon as viable</li> <li>2. Review Officer training activity April 2024</li> <li>3. May 2024</li> <li>4. To align with next Training Strategy review.</li> </ol>
<p><b>Fund documentation – EDI specific</b></p> <ul style="list-style-type: none"> <li>- EDI definition.</li> <li>- EDI principles leading to EDI objectives.</li> <li>- Incorporating those objectives in a Fund-specific EDI policy.</li> </ul>	<ol style="list-style-type: none"> <li>1. Agree a <b>definition of EDI</b> for CPF</li> <li>2. Devise a <b>list of EDI principles</b> for CPF</li> <li>3. Build EDI principles into <b>EDI objectives</b> for a Fund-specific EDI Policy</li> <li>4. Determine timeline to develop a <b>Fund-specific EDI Policy</b></li> </ol>	<ol style="list-style-type: none"> <li>1. As soon as viable following EDI training.</li> <li>2. <i>TBC</i></li> <li>3. <i>TBC</i></li> <li>4. <i>TBC</i></li> </ol>



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Area	CPF Action	Timeline
<p><b>Fund documentation – review to ensure aligns with EDI approach</b></p> <ul style="list-style-type: none"> <li>- <b>Terms of Reference</b> for Committees and Board (e.g., consider appointment decision makers/any appointment panel role, terms of office, reappointments etc with EDI lens).</li> <li>- <b>Communications Strategy and Communication Plan</b> (e.g., consider EDI requirements are being embedded in Fund’s communication approach).</li> <li>- <b>Administering Authority Discretions Policy</b> (e.g., considering EDI definition/principles aligns with Fund approach to making discretionary decisions).</li> <li>- <b>Investment Strategy Statement (ISS) and RI Beliefs</b> (i.e., considering EDI definition/principles aligns with Fund ISS and RI beliefs).</li> </ul>	<ol style="list-style-type: none"> <li>1. Review <b>Terms of references</b> in line with EDI principles and determine if review needed ahead of regular review cycle.</li> <li>2. Review <b>Communication Strategy</b> and <b>Communication Plan</b> against EDI principles.</li> <li>3. Review <b>Discretions Policy</b> against EDI principles.</li> <li>4. Review <b>ISS/RI beliefs</b> against EDI principles.</li> </ol>	<ol style="list-style-type: none"> <li>1. September 2024</li> <li>2. October – December 2024 (or against scheduled review timeline).</li> <li>3. December 2024 to March 2025.</li> <li>4. In line with scheduled ISS review timeline.</li> </ol>
<p><b>Fund appointments</b></p> <ul style="list-style-type: none"> <li>- Encourage and maintain a diverse and inclusive Pension Fund Committee, Investment Sub-Committee and Local Pension Board, though open recruitment and removal of barriers to become a member of these Committees and Board.</li> <li>- Consider EDI from a Fund perspective when recruiting Officers.</li> </ul>	<ol style="list-style-type: none"> <li>1. Regularly review the Committees and Board membership to ensure a diverse spread of members with varied skills and experience by including questions on EDI in effectiveness reviews or training needs assessments carried out for Committees and Board.</li> <li>2. Consider whether EDI is embedded within WNC processes and training.</li> </ol>	<ol style="list-style-type: none"> <li>1. Determine review schedule across July to September 2024.</li> <li>2. April to July 2024.</li> </ol>



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<p><b>Role of the Chair</b></p> <ul style="list-style-type: none"> <li>- Be able to demonstrate elements of skills in debating, challenging, and negotiating with a particular ability to gather and understand diverse views.</li> </ul>	<ol style="list-style-type: none"> <li>1. Consider additional training for Chair.</li> <li>2. Consider any relevant requirements that might need to be reflected in Terms of Reference (aligns with review above).</li> </ol>	<ol style="list-style-type: none"> <li>1. July to September 2024</li> <li>2. September 2024.</li> </ol>
<p><b>Member communications</b></p> <ul style="list-style-type: none"> <li>- Encourage member engagement through the development of inclusive communications.</li> <li>- Where possible, ensure that web content follows <a href="#">Web Content Accessibility Guidelines</a> (WCAG) 2.1.</li> <li>- Obtain and review feedback from scheme members and scheme employers on Fund communication.</li> </ul>	<ol style="list-style-type: none"> <li>1. Regularly test communications against a scheme specific definition of EDI (and aligns with review of Strategy and Plan above).</li> <li>2. Check alignment with web requirements.</li> <li>3. Asking members and employers for their views on how the fund reflects its EDI values in the communications we provide to them.</li> </ol>	<ol style="list-style-type: none"> <li>1. <i>TBC</i></li> <li>2. In line with the website build.</li> <li>3. <i>TBC</i></li> </ol>
<p><b>Investment decisions</b></p> <ul style="list-style-type: none"> <li>- Consider Environmental, Social and Governance aspects of investment decisions.</li> <li>- Awareness of diversity and inclusion good practice such as if scheme investments are aligned with member’s responsible investment preferences or religious beliefs.</li> </ul>	<ol style="list-style-type: none"> <li>1. Report against the principles of the UK Stewardship Code (Principle 2; explain governance and workforce resourcing)</li> <li>2. Consider collecting member views on responsible investment issues.</li> <li>3. Review AVC offerings periodically.</li> </ol>	<ol style="list-style-type: none"> <li>1. September 2024</li> <li>2. <i>TBC</i></li> <li>3. Undertaken in 2023/24</li> </ol>
<p><b>Managing advisers and suppliers</b></p> <ul style="list-style-type: none"> <li>- Consider the EDI policies of advisers and other third parties the Fund work with</li> </ul>	<ol style="list-style-type: none"> <li>1. Further engagement with LGPS pool (ACCESS) and asset managers.</li> <li>2. Include questions on EDI for potential suppliers in procurement processes.</li> </ol>	<ol style="list-style-type: none"> <li>1. Ongoing</li> <li>2. Ongoing</li> </ol>



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### Next steps

As part of our EDI journey the Fund aims to build a culture where:

- There is an open environment for free discussion between Committee/Board members and Officers without judgement and encourage contribution to discussions regardless of level of expertise
- We actively consider decisions made by all with responsibility of the management of the Fund through a diversity and inclusion lens
- We understand and mitigate unconscious bias in decision making through training and other methods, and
- Where we remove any barriers from practices where possible, that prevent inclusivity.

The Fund's Governance & Regulations Manager together with the Pension Fund Committee and Pension Board will take forward the actions in this plan ensuring timelines and aspects are updated in line with ongoing developments.

### Further information

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

Mark Whitby, Head of Pensions

[mark.whitby@westnorthants.gov.uk](mailto:mark.whitby@westnorthants.gov.uk)



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# CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

26 April 2024

Report by: HEAD OF PENSIONS

Subject	Cashflow Projections Report
Purpose of the Report	To present to the Pension Board a summary of the Cashflow projections report produced by the Fund's Actuary
Recommendations	The Pension Board is asked to note the contents of the report
Enquiries to:	Cory Blose Employer services and Communications Manager

## 1. Background

- 1.1. The Pension Fund collects contributions from members and employers on a monthly basis. These contributions are used to pay benefits already due with any excess being invested to build up assets which can be used to pay benefits as they fall due in the future.
- 1.2. As a pension fund matures the value of benefit payments will start to exceed the income from contributions. At this point the fund is considered to be cashflow negative.
- 1.3. As long as this transition is monitored and managed effectively, being cashflow negative is not a problem. The assets have been built up for this purpose but if not managed effectively it could pose a liquidity risk and the Fund may become a forced seller of assets and may not get the desired return on its investments.
- 1.4. Knowing when the Fund is likely to be cash flow negative is helpful in the development of the Fund's funding and investment strategies helping to ensure that the Fund:
  - has enough cash available to pay benefits to members
  - can maintain stable employer contribution strategies over time and withstand market volatility
  - understands the amount of cash balance that needs to be retained
  - avoids the risk of being a forced seller
  - has adequate income generating assets
  - makes the most efficient use of income generated by the Fund's assets
  - implements an optimum cash management policy
- 1.5. Member benefits are protected against inflation through the Pension Increase order which is linked to the consumer prices index (CPI) as at the previous September. The value of member benefits and the Fund's cashflow position is therefore sensitive to the rate of inflation.
- 1.6. The focus on cashflow is greater due to the significant increase in the rate of inflation and resulting increase to benefits at April 2023 (10.1%) and April 2024 (6.7%).

- 1.7. The report therefore considers three potential inflation scenarios; a baseline scenario based on consensus forecasts on future inflation, a plausible high inflation scenario and a plausible recession scenario.

## 2. Executive Summary

- 2.1. This report provides a summary of a report by the Fund Actuary on the results of recent cashflow projections modelling.
- 2.2. A full report has been provided by the Fund Actuary and is included as appendix A to this report. The Actuary summarised the report at the last meeting of the Pension Fund Committee.
- 2.3. The report considers the expected value of member and employer contributions paid into the Fund against the value of benefit payments paid out of the Fund.
- 2.4. When the value of contributions received exceeds the value of benefit payments, the Fund has a positive cashflow position and is able to pay benefits as they fall due from the income received from the contributions.
- 2.5. When the value of contributions received is less than the value of benefit payments, the Fund has a negative cashflow position and will need to draw on the Fund's invested assets to meet benefit payments as they fall due, either by using the income generated by the Fund assets or by selling Fund assets.
- 2.6. A negative cashflow position is not an issue as long as it is monitored and planned for. Fund assets have been building up for the purpose of paying benefits but if the position is not monitored and managed effectively, the Fund could be forced to sell assets at an inopportune time.
- 2.7. By monitoring when the Fund can expect to become cash flow negative allows for a planned and managed sale of assets.
- 2.8. The Fund's cashflow position is sensitive to inflation due to members benefits being index linked with the revaluation of benefits and pension increases being linked to CPI.
- 2.9. The report considers the potential net cashflow position of the Fund across three possible inflation scenarios. A baseline scenario representing consensus forecasts for future inflation based on current market data as well as a scenario assuming a recession (with low inflation) and a high inflation scenario.
  - Baseline scenario: The Fund is expected to become cashflow negative by 2030.
  - Recession: The Fund is expected to remain broadly cashflow neutral over the short and medium term.
  - High Inflation: The Fund is expected to become cashflow negative over the next few years.

## 3. Issues and Choices

### 3.1 Summary of Results

The headlines from the report are as follows:

- **Baseline scenario:** The Fund is expected to become cashflow negative by 2030 but is generating sufficient income to meet the expected cashflow shortfall over the next 20 years.
- **Recession:** The Fund is expected to remain broadly cashflow neutral in the short to medium term if inflation is low.

- **High Inflation:** The Fund is expected to become cashflow negative over the next few years with the gap growing if high inflation persists. This could create a requirement for more income generating assets to ensure there is sufficient cash to pay benefits.

### 3.2 Presentation by Fund Actuary

At the meeting of the Pension Fund Committee, the Actuary summarised the report covering:

- Background to why we monitor cashflow positions (pages 5-7 of the report)
- The inflation scenarios used (page 9 of the report)
- Cashflow projections under each scenario with key learnings (pages 11-18 of the report)
- Next steps

## 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 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 manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
To put in place a strategic asset allocation ensuring it is appropriately maintained taking into account the Funding strategy.
To ensure an appropriate cash management strategy is in place so that net cash outgoings can be met as and when required

## 5. Risk management

- 5.1. There is a risk that the Fund does not have a diverse membership which could impact effective governance. There is also the risk that the Fund is not engaging with as many members/stakeholders as it could be to provide valuable scheme information.
- 5.2. 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
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making.	Green
Failure to respond to changes in economic conditions	Amber

- 5.3. The executive summary can be found on the Fund's website at the following link:

[Cambridgeshire Risk Register](#)

6. Implications (including financial implications)

**Resources and Financial**

6.1 The results of this report will be used to review the Fund’s cashflow management policy, investment strategy and may impact the allocation and management of the Fund’s assets, including liquidation of assets where appropriate.

**Legal**

6.2 There are no legal implications arising from the proposals.

**Consultation**

6.3 The Cashflow Projections report was produced by the Fund Actuary.

7. Background Papers

7.1. None

8. Appendices

8.1. Appendix A – Cashflow Monitoring Report

<b>Checklist of Key Approvals</b>	
Has this report been cleared by Head of Pensions?	Mark Whitby – 27/03/2024

# Cambridgeshire Pension Fund

## Cashflow projections



Steven Scott FFA

**21 December 2023**

**For and on behalf of Hymans Robertson LLP**

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*Use the menu bar above to navigate to each section.*

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# Executive summary

This paper is addressed to Cambridgeshire County Council as the Administering Authority to the Cambridgeshire Pension Fund (“the Fund”). The paper considers different future projections of the Fund’s cashflows under a range of different scenarios. The analysis and projections will help the Fund better understand its current and potential future cashflow position and is part of its management of risk in this area.

## From the analysis and projections set out in this paper, the following conclusions can be drawn:



In the absence of investment income, the Fund is likely to be cashflow negative by 2030 allowing for the April 2023 pension increase order of 10.1% and the expected April 2024 pension increase order of 6.7%, as well as pay growth in line with national local government pay award information. This is later than previously anticipated (2029) as part of the analysis carried out in December 2022 due to increased contribution income (based on increased payroll).



The cashflow position of the Fund is sensitive to future levels of inflation. The recessionary scenario represents a “hard landing” and associated new period of low inflation. Under this scenario, the Fund remains cashflow positive over the 20-year projection period. This highlights the importance of reviewing the cashflow position on a regular basis in an uncertain inflationary environment.



In the longer-term, the most significant risk to the Fund (in respect of its cashflow position) is a high inflation scenario, where inflation remains elevated for a longer period. Under this scenario, the Fund becomes cashflow negative over the next couple of years, with the gap increasing to a material level in the longer-term.

# Background and inputs



# What is cashflow negativity and does it matter?

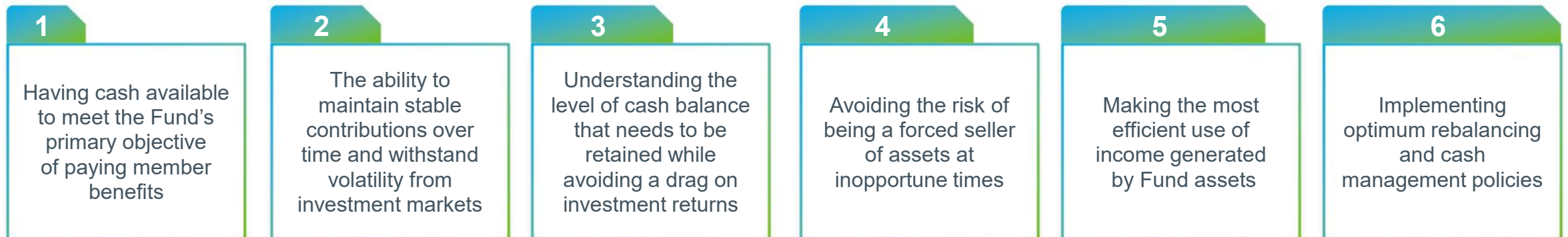
Every month, the Fund receives income via contributions and pays out benefits to members. Historically, the benefits have been paid out of the contribution income with any excess being invested. This is how the Fund’s asset value has built up over time (along with investment returns).

Over time a pension fund will mature, and the level of benefit payments will start to exceed contribution income. At this point, a pension fund is considered “cashflow negative”.

Being cashflow negative itself is not unexpected for a pension fund; the assets that have been accrued are for the purpose of paying benefits. However, if the transition to being cashflow negative is not monitored and managed effectively, it can pose a liquidity risk and the Fund may become a forced seller of assets.

At the 2022 valuation, the focus on cashflow is greater given the significant increases in benefits (10.1% at April 2023 and 6.7% at April 2024) due to rising inflation.

**Knowing when the Fund is likely to be cash flow negative is helpful as it can have implications for both the funding and investment strategy:**



This paper explores the Fund’s cashflow position under a variety of different scenarios to inform its approach to cashflow management

# Recent cashflow position

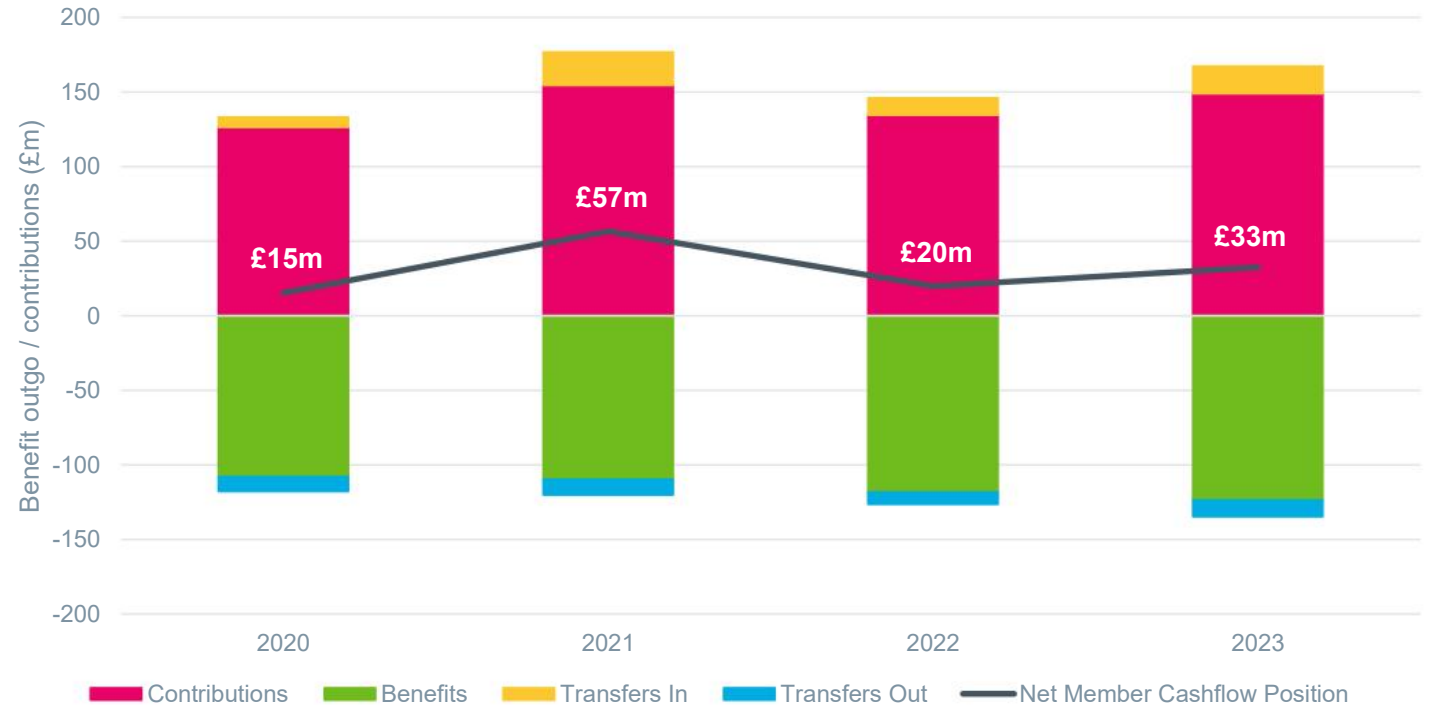
Using the annual report and accounts for years ending 2020, 2021, 2022 and 2023 (draft), we have analysed the recent cashflow position for the Fund.

The chart shows the absolute value of contribution income and benefit outgo (bars) and the net cashflow position (line and figures).

During this period, the Fund remained cashflow positive, i.e. contribution income exceeded benefit outgo.

Transfers into and out of the Fund can significantly affect the cashflow position. In 2021/22, there were c.£12m of transfers into the Fund which helped increase the net cashflow position. These were partially offset by c.£8m of transfer out in the same period.

NB The average investment income yield is c.0.5% of assets p.a.



The cashflow position has been positive in recent years. Excluding the impact of transfers, the current net cashflow position is around £33m (contributions exceeding benefits).

# What are the cashflows of the Fund

In this paper we consider the main cashflows in and out of the Fund over the next 20 years.

## The Fund's primary sources of income are:

- Contributions from employers in the Fund
- Contributions from employee members in the Fund
- Income streams generated from the Fund's investments

## Contributions paid are estimated based on:

- The 2022 valuation payroll
- An allowance for increases in payroll in 2023 and 2024 in line with national local government pay award information.
- The aggregate of all certified employer contribution rates payable from 1 April 2023 to 31 March 2026. Thereafter the contribution rate has been assumed to remain stable up to year 20.

## The Fund's outflows are the benefits payable to the members and their dependants. These include:

- Retirement lump sums paid to active and deferred members on retirement
- Retirement pensions paid to pensioners and their dependants
- Death in service benefits and ill health benefits.

Transfers in and out of the Fund by individual members are not usually a significant source of income or outflow and typically balance out over time.

## The projected cashflows are sensitive to several assumptions. The most significant are:

- Level of future benefit increases (LGPS benefits are generally index-linked and increase in line with Consumer Price Index (CPI) inflation)
- Level of current and future payroll (determines the amount of contributions received)

We have prepared future cashflow projections under a range of different inflation and payroll scenarios to inform decision making. This helps the Fund understand the sensitivity of its cashflow position to these sources of uncertainty and make appropriate management plans.

# Data, assumptions and methodology

## Membership data

We have used the membership data provided for the 2022 valuation of the Fund.

## Assumptions

The demographic and financial assumptions are in line with those adopted for the 2022 valuation of the Fund unless stated otherwise.

Further information on the membership data and assumptions is detailed in the 2022 valuation initial results report dated October 2022, and in the final valuation report dated March 2023.

Allowance for benefit outgo in respect of benefits yet to be accrued by current active members is included in the projection; however, given the relative short timeframe considered, no allowance has been made for benefit outgo in respect of accrual by members yet to join the scheme.

## Methodology: how we project benefit payments

Known pension payments for current pensioners.

Adjust for one year's pension increases, expected deaths, retirements

1 5 10 15 20 25 30 35 40 45 50 55 60 65 70 75 80 85 90 95 100  
YEARS

Adjust each year allowing for pension increases, retirement, deaths, new dependants etc.

1 5 10 15 20 25 30 35 40 45 50 55 60 65 70 75 80 85 90 95 100  
YEARS

No allowance has been made for new joiners in our analysis as we are considering a 20 year time period

1 5 10 15 20 25 30 35 40 45 50 55 60 65 70 75 80 85 90 95 100  
YEARS

Payments many years away will be to new joiners.

## Methodology: projecting contribution income

- Payroll is assumed to stay constant in real terms, i.e. it increases in line with the valuation assumption of 3.2% pa, however an allowance has been made an increase of 7.0% in 2023 and 6.6% in 2024 in line with the national local government pay award information.
- Employer contributions are assumed to be in line with the pattern as set out on page 7
- Employee contributions are based on the weighted average for the Fund at the 2022 valuation (6.4% of pay).

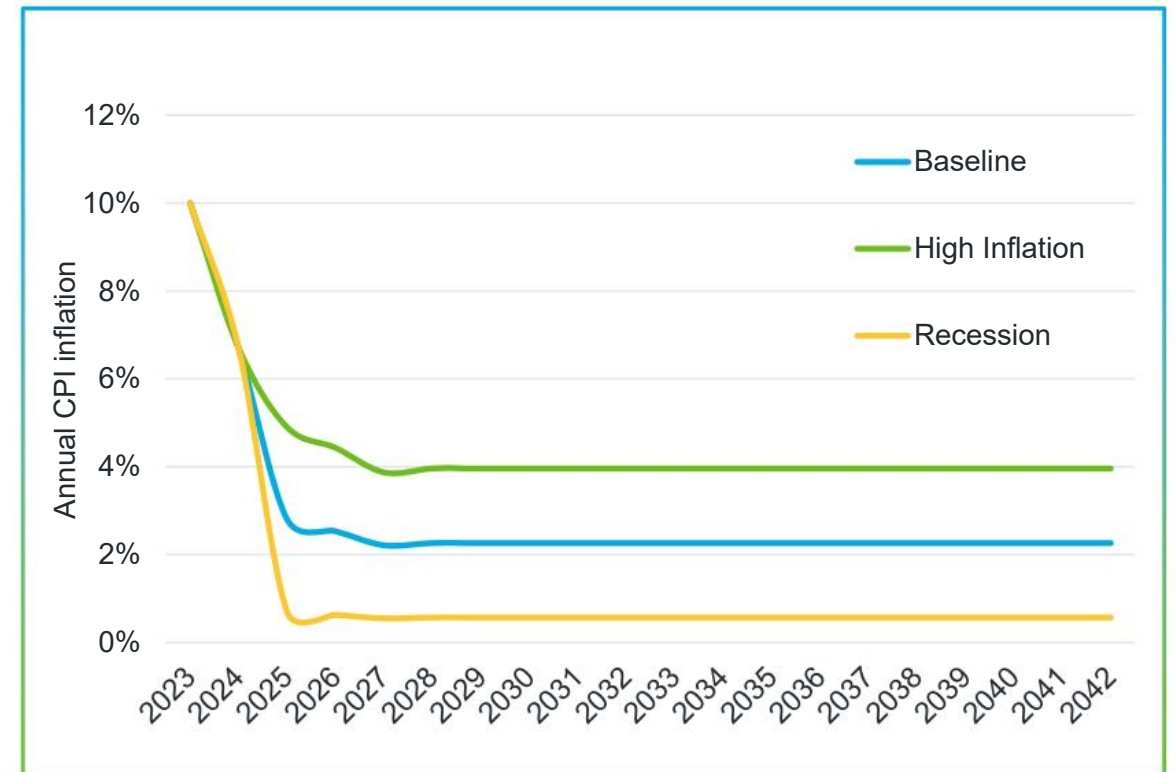
# Scenarios explored

## Future CPI inflation

Given the sensitivity of future benefit payments to inflation, we have considered three potential scenarios for future inflation. All scenarios recognise a 10.1% increase in benefits in April 2023 and an expected 6.7% increase to benefits in April 2024:

- Scenario 1: this **baseline** scenario represents consensus forecasts for future inflation based on current market data. This is a combination of short-term market expectations and longer-term expectation that the rate will tend towards the Bank of England's 2% target.
- Scenario 2: this represents a plausible **recession** scenario, occurring largely due to excess supply over demand because of higher energy and food prices. This results in a "hard landing" and associated new period of low inflation remaining below the Bank of England target.
- Scenario 3: this represents a plausible **high inflation** scenario where inflation remains high due to higher energy and food prices.

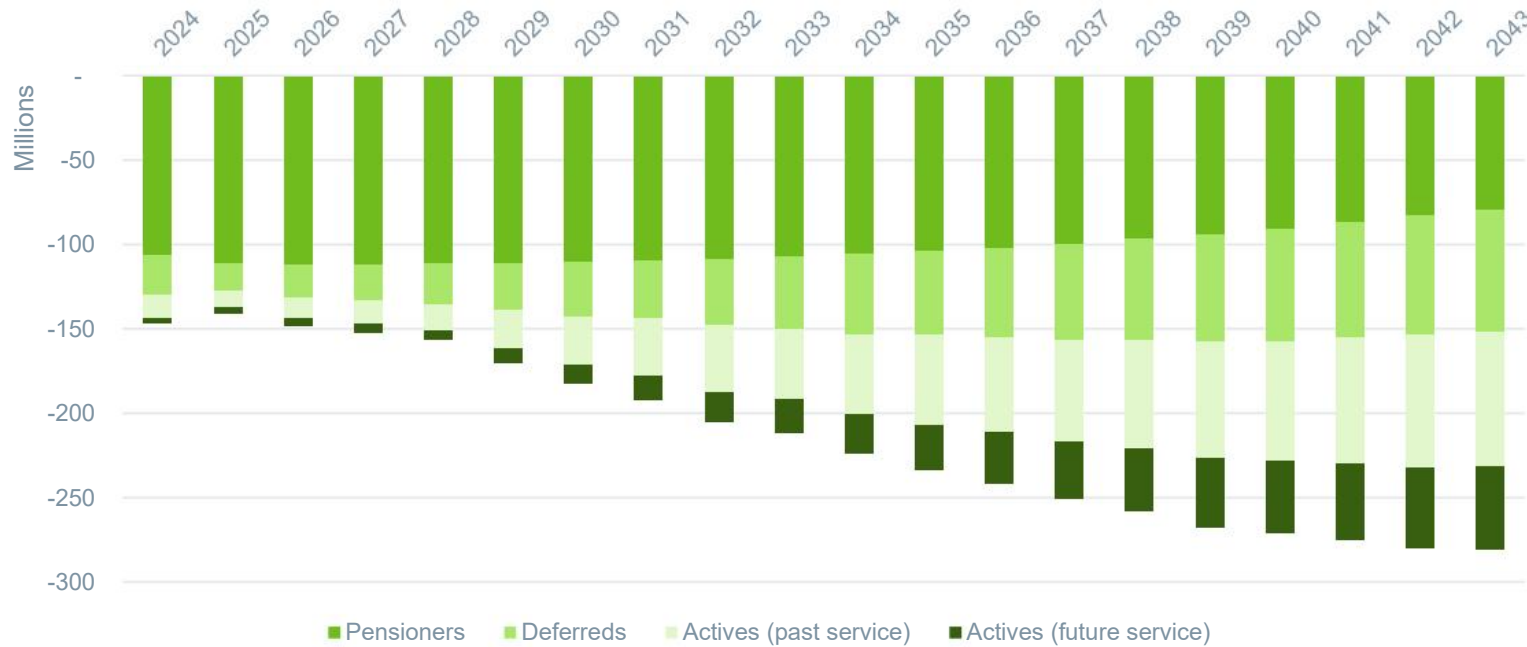
In all scenarios we have kept the payroll growth assumption constant at 3.2% p.a.. However, we have made an allowance for higher pay increases in 2023 and 2024 in line with the national local government pay award information.



# Inflation scenarios



# Projected benefit outflows (baseline scenario, consensus inflation)



**Notes**

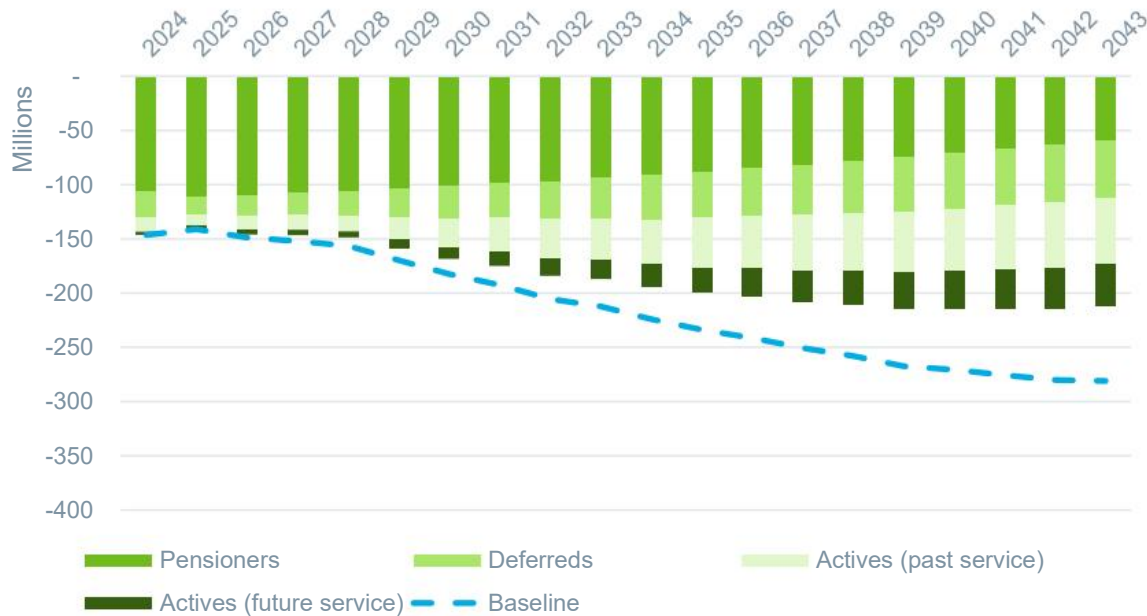
The years along the x-axis (horizontal) refer to the year-end i.e. 2024 means the 2023/24 financial year (from 1 April 2023 to 31 March 2024).

Increased benefit outflow in 2024 in comparison to 2025 is because of the model assumption that all active members already past their assumed retirement age will retire 1 year after the valuation date (2022). In reality these outflows would be spread across a longer period.

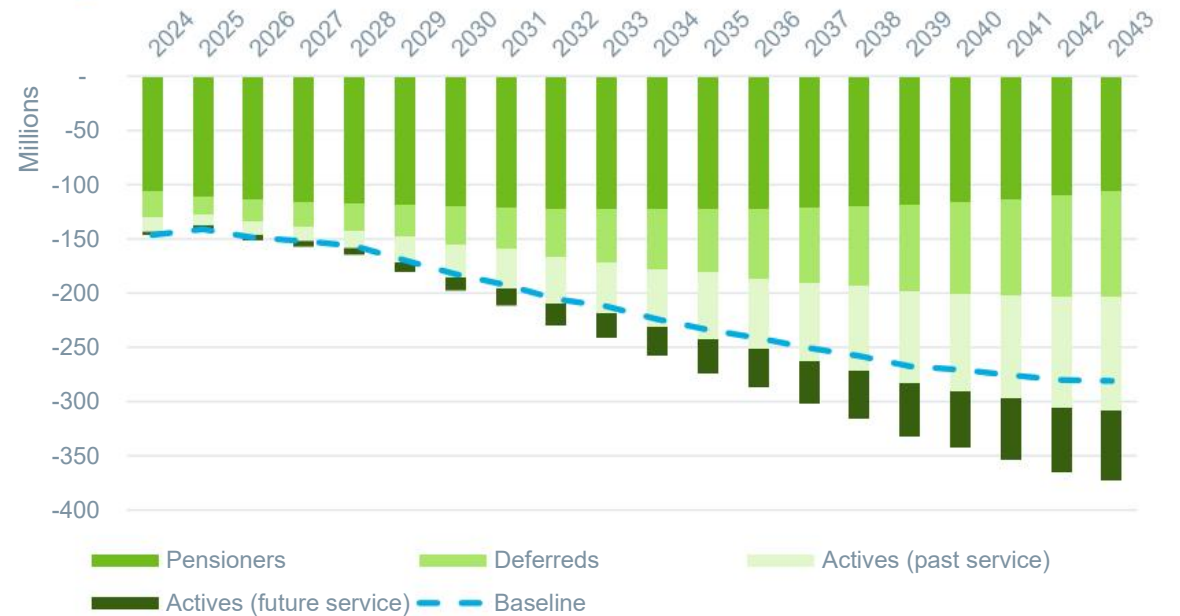
The Fund currently pays around £125m in benefit payments. This is expected to double by 2037.

# Projected benefit outflows (alternative inflation scenarios)

## Recession



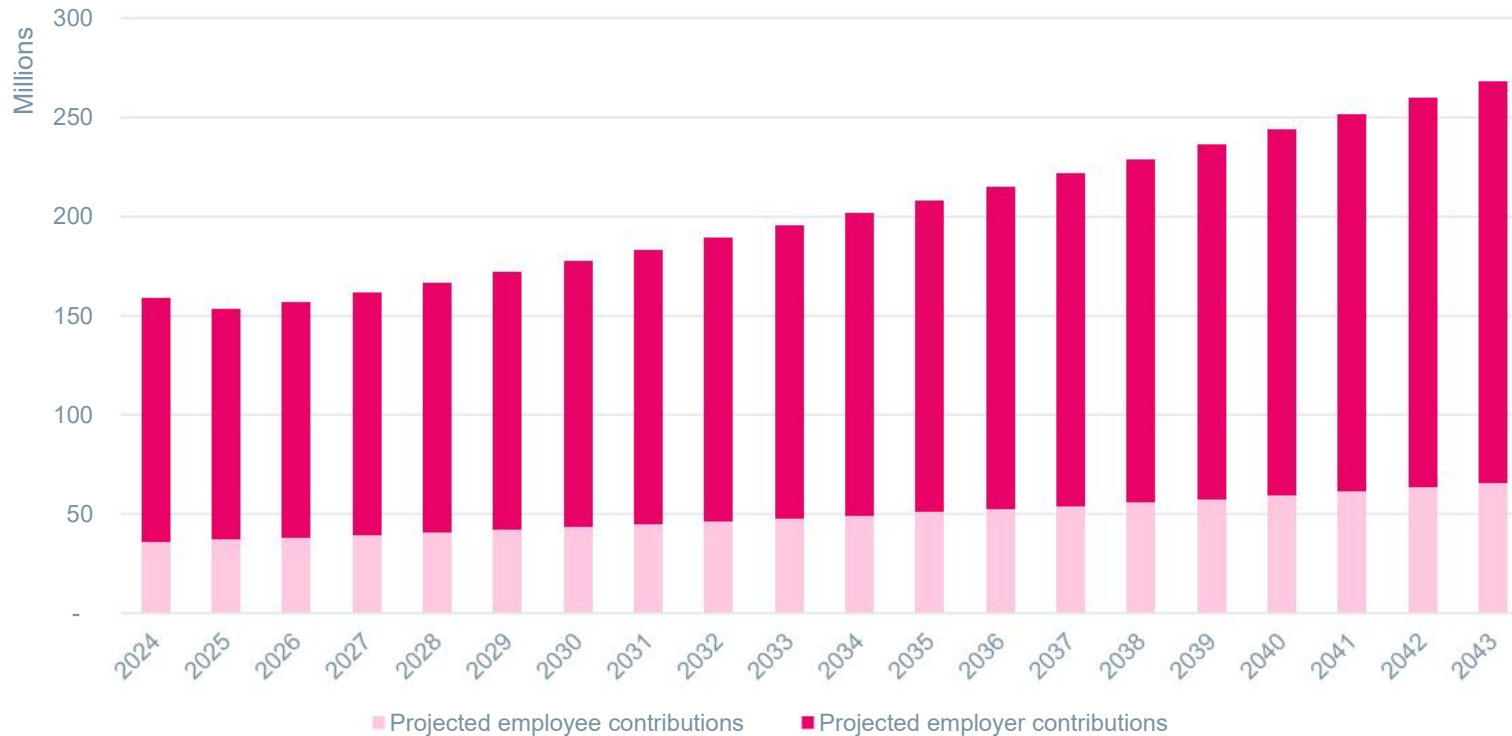
## High Inflation



Scenario analysis helps understand the impact inflation may have on future benefit payments – difference of c.£160m in annual benefit payment by 2043



# Projected contribution income (all inflation scenarios)



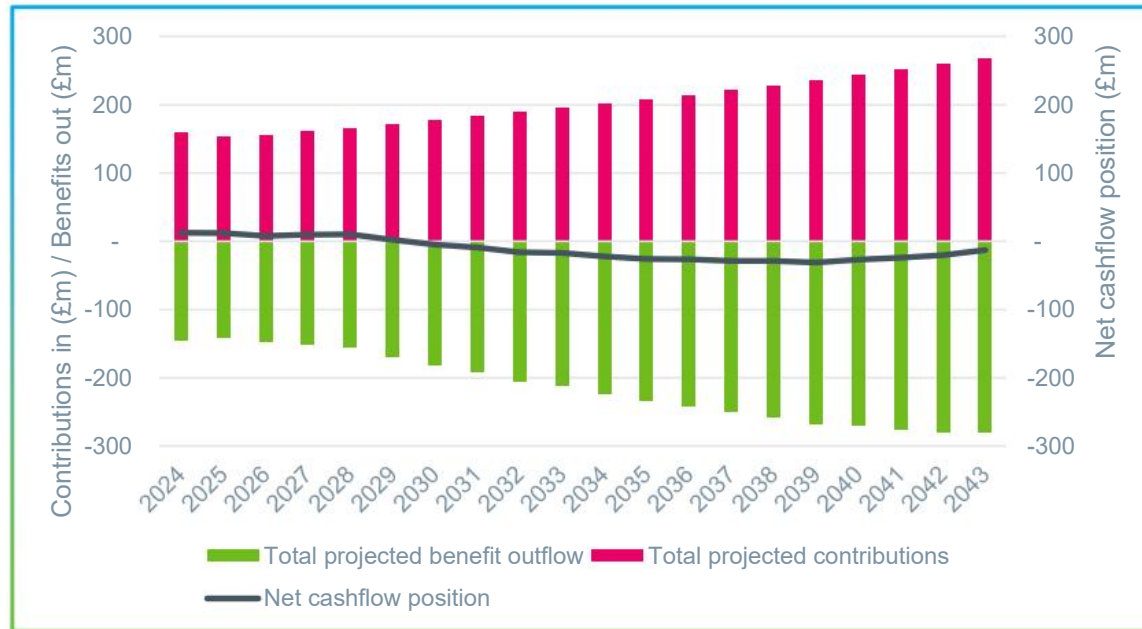
**Notes**

New entrants are assumed to replace leavers, and are implicitly allowed for in the income cashflow by assuming the payroll grows with inflation.

The years along the x-axis refer to the year-end i.e. 2024 means the 2023/24 financial year (from 1 April 2023 to 31 March 2024).

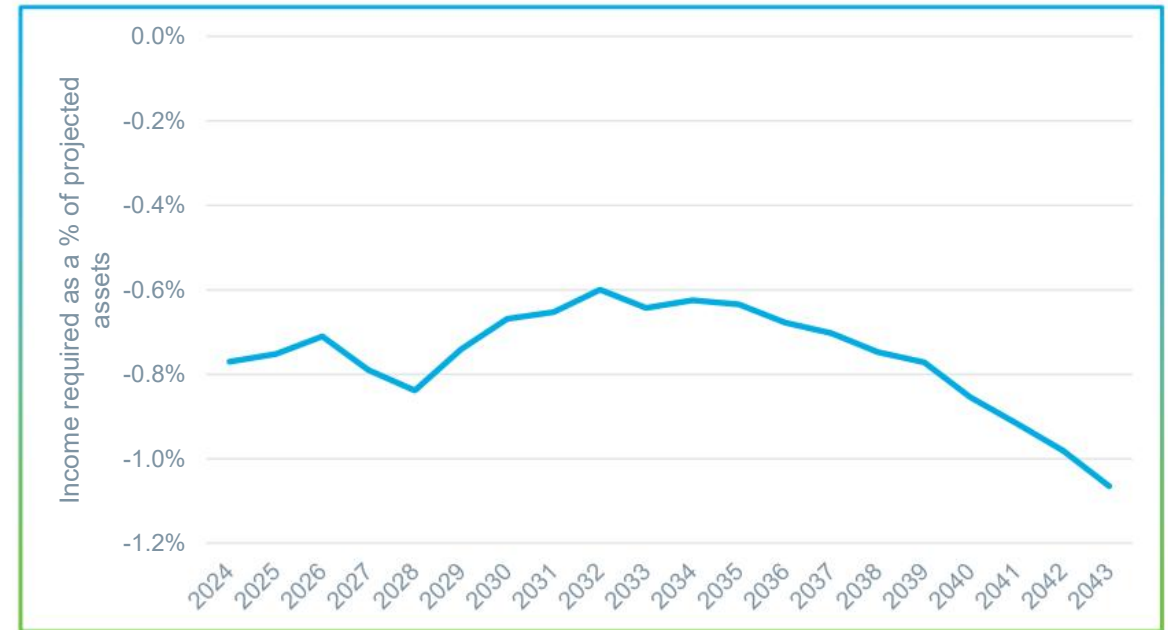
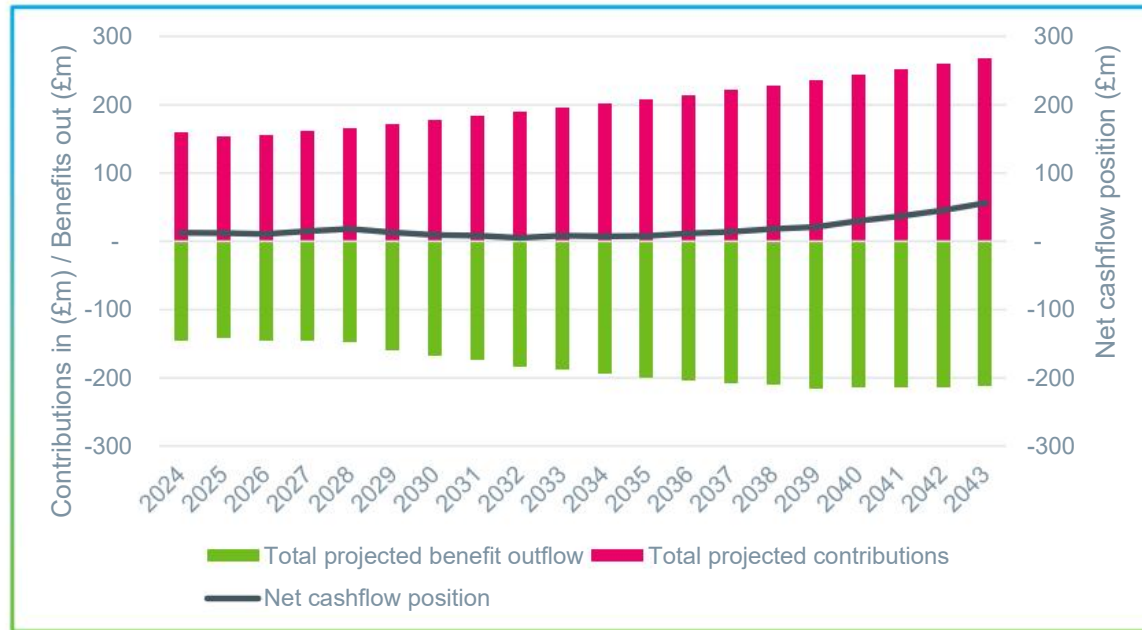
Payroll is assumed to grow at 3.2% pa (in line with the formal valuation), however allowance has been made for national local government pay award information in 2023 and 2024.

# Whole fund net cashflow (baseline scenario)



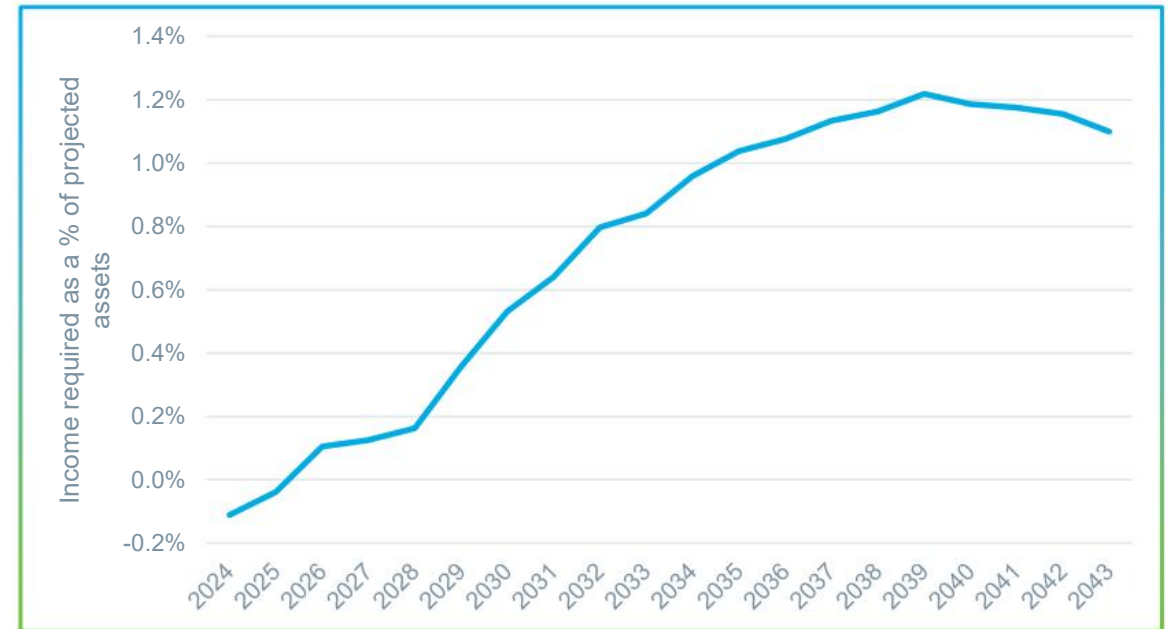
Benefit outflow is expected to exceed contribution income by 2030. However, the Fund’s current income yield from assets (c.0.5% pa) would be sufficient to meet the shortfall from contributions over the next 20 years (requiring no more than c.0.4% yield).

# Whole fund net cashflow (recession scenario)



Relative to baseline, a “hard landing”, ie lower inflation would improve the Fund’s net cashflow position in future years.

# Whole fund net cashflow (high inflation scenario)

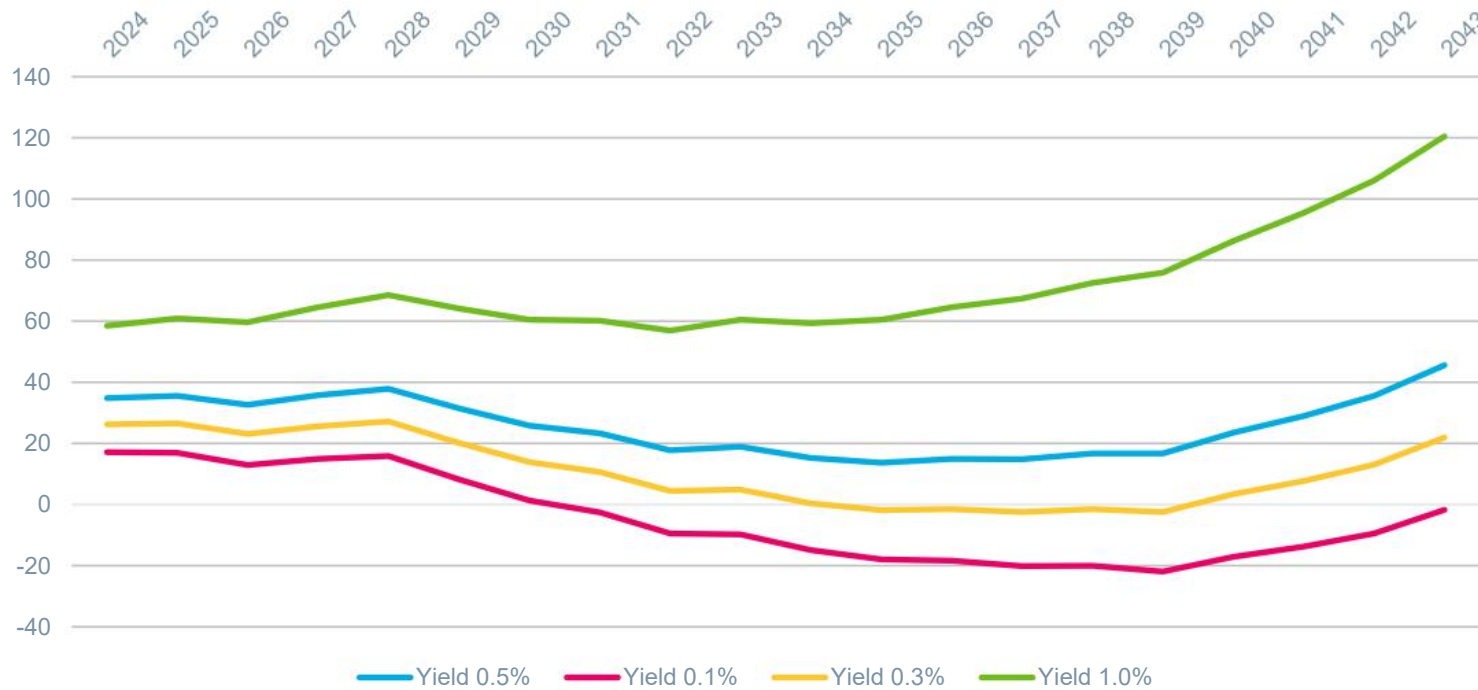


A high inflation scenario would worsen the Fund's cashflow position in future years, with a substantial gap opening up (assuming pay increases remain at 3.2% pa) in the longer term. This would need to be managed by a higher level of income from the Fund's assets (in excess of 1.2% pa).

# Investment yield sensitivity



# Sensitivity of net cashflow to investment income yield



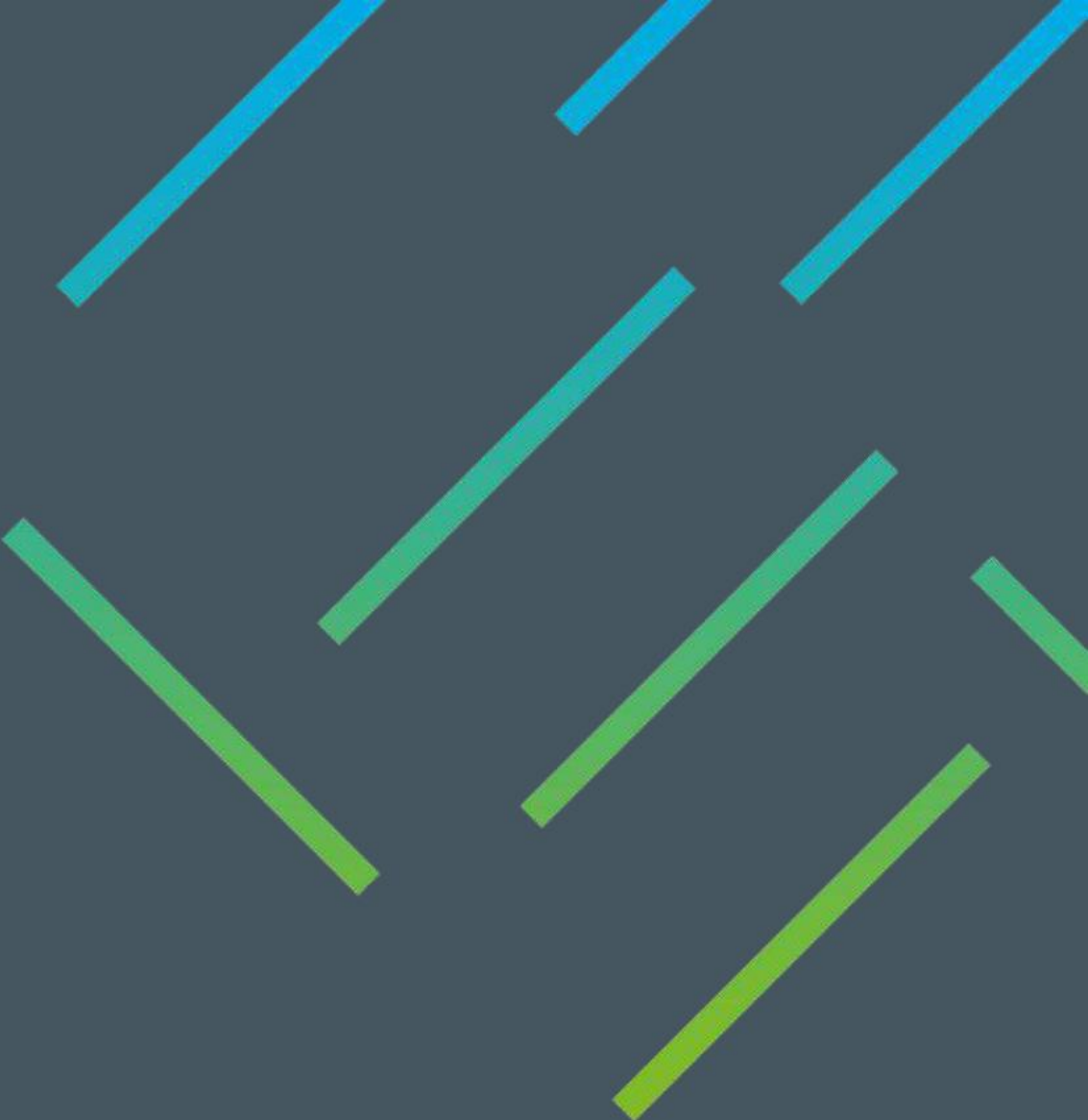
**Notes**

This highlights the sensitivity of the cashflow position to the investment income yield. For example, a yield of 0.5% pa results in a positive cashflow position for the majority of the 20-year period under investigation (baseline scenario).

A yield of 0.1% pa (as shown) may result in a cashflow negative position for the majority of the 20-year projection period.

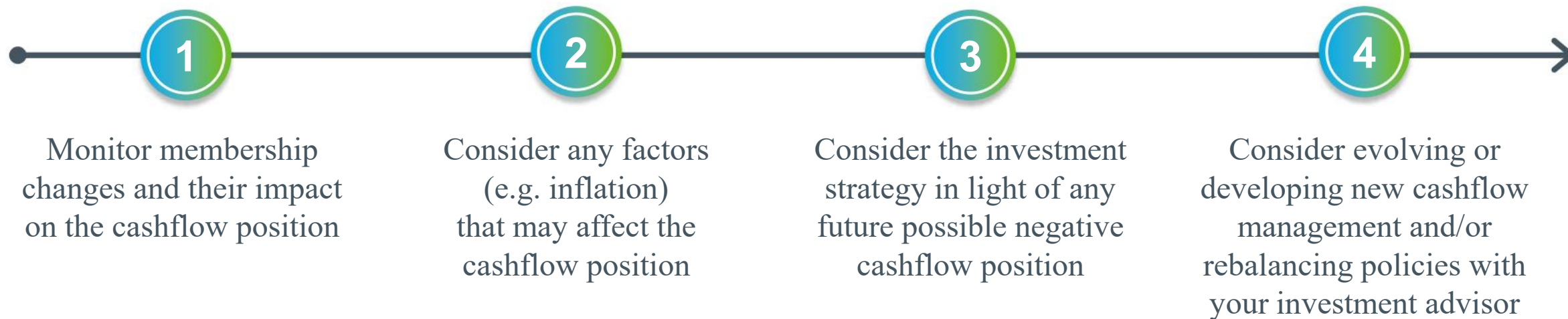
Based on the latest Fund accounts, the current investment income yield (net of investment management fees) is around 0.5% pa. This level of yield results in a positive cashflow position over the period (the blue line), meaning the Fund may not have to increase income generation or sell assets to continue to meet pensions obligations as they fall due.

This highlights the key role that the Fund’s investments play in ensuring there is enough liquidity within the overall strategy (funding and investment) to meet benefit payments.



# Next steps

# Next steps





# Reliances and limitations

## APPENDIX 1

# Reliances and limitations

This paper is addressed to Cambridgeshire County Council as Administering Authority to the Cambridgeshire Pension Fund. It has been prepared in our capacity as actuaries to the Fund and is solely for the purpose of projecting the expected cashflows of the Fund over a 20-year time horizon. It has not been prepared for any other purpose and should not be used for any other purpose.

The cashflow projections are based on a specific set of deterministic assumptions, which are highly unlikely to be borne out exactly. We therefore do not claim that the future will exactly match the figures in this paper. The results should be used to give an indicative idea of the Fund's medium term cashflow requirements only.

Any party must accept full responsibility for establishing that the cashflows are appropriate for the purpose to which they want to put them and any decisions that are taken based on their analysis. We cannot be held responsible for any losses sustained as a result of third parties relying on the cashflows provided, or if the cashflows are used for any inappropriate purpose

The extent of the deviations from the assumptions underpinning the cashflow projections depends on uncertain economic events as well as other factors that are not known in advance such as members' decisions, variations in mortality rates, retirement rates and withdrawal rates, fluctuations and rates of salary increase, and the numbers and ages of future new entrants which cannot be accurately predicted. In addition, there could be changes in the regulatory environment and possible changes in retirement benefits. These other uncertainties are often not related to any particular investment and economic eventualities.

**Three of the important uncertainties are the:**

- (a) Rate of pension increases, the vast majority of which increase at the annual increase in CPI inflation
- (b) Extent to which members elect to exchange pension for cash at retirement
- (c) Level of future payroll and contribution rates which will determine the amount of contributions paid into the Fund

The Administering Authority is the only user of this advice. Neither we nor Hymans Robertson LLP accept any liability to any party other than the Administering Authority unless we have expressly accepted such liability in writing.

This report may be shared with the Fund's independent advisor for information purposes only but may not be passed onto any other third party (such as including in the public part of the Pension Committee & Board's meeting papers) except as required by law or regulatory obligation, without prior written consent of Hymans Robertson LLP.

In circumstances where disclosure is permitted, the advice may only be released or otherwise disclosed in its entirety fully disclosing the basis upon which it has been produced (including any and all limitations, caveats or qualifications).

The following Technical Actuarial Standards are applicable in relation to this advice, and have been complied with where material and to a proportionate degree:

- TAS100
- TAS300.

# Thank you

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## Cambridgeshire Pension Fund Board Agenda Plan

Meeting date	Agenda item	Lead officer
26/4/2024	Administration Report [standing item]	M Oakensen
	Business Plan 2024/25 [post scrutiny]	M Whitby
	Governance and Compliance Report [standing item]	M Oakensen
	Communication Plan [post scrutiny]	C Blose
	Equality, Diversity, and Inclusion Action [review]	M Oakensen
	AVC Report [post scrutiny]	M Oakensen
	Cashflow projections Report	C Blose
	Risk Monitoring – exempt	M Oakensen
	ACCESS Update – exempt	M Whitby
28/6/2024	Administration Report [standing item]	M Oakensen
	Business Plan Update [standing item]	M Whitby
	Governance and Compliance Report [standing item]	M Oakensen
	Cambridgeshire Pension Fund Board Effectiveness Review	M Oakensen
	Risk Monitoring – exempt	M Oakensen
	ACCESS Update – exempt	M Whitby
	Stewardship	B Barlow

