

**CAMBRIDGESHIRE
PENSION FUND**



Pension Committee

Date: 29 June 2017

Report by: Head of Pensions

Subject:	Review of Administration Strategy
Purpose of the Report	To present the Administration Strategy to the Pension Committee
Recommendations	The Pension Committee are asked to approve the revised Administration Strategy for consultation with stakeholders
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1. Background

- 1.1 The Local Government Pension Scheme Regulations 2013 provide that Administering Authorities may prepare, maintain and publish a written Statement setting out their policy concerning administration matters, and that the administering authority and its employing authorities must then have regard to that strategy when carrying out their functions.
- 1.2 The Cambridgeshire and Northamptonshire Pension Fund have an Administration Strategy in place that has been jointly agreed by both Funds and is now scheduled for review. The current version of this Strategy also includes a Communication Strategy, which has already been agreed as a separate Strategy and therefore needs removing from the Administration Strategy.
- 1.3 The revised Administration Strategy has already been separately reviewed by the members of the Pension Fund Board of the Cambridgeshire and Northamptonshire Pension Funds as part of their role in supporting the work of the Pension Committees. The draft being presented for approval incorporates all of the comments and suggestions made by the Boards.

2. Purpose of the Policy

- 2.1 The aim of the Administration Strategy is to set out clearly what is expected from the administering authorities and the Funds' employers, in order to deliver a high quality, value for money service to Scheme members.
- 2.2 Having a Strategy in place also enables an administering authority to recover additional costs from a scheme employer where, in its opinion, they are directly related to the poor performance of that scheme employer.
- 2.3 To date neither the Cambridgeshire Pension Fund or the Northamptonshire Pension Fund have used the powers set out in paragraph 2.2 as the existing measures in this area are difficult to implement in practice.

3. Review of Administration Strategy

- 3.1 Appendix 1 sets out the latest draft of the Administration Strategy for approval by the Pensions Committee. For ease of comparison with the currently published version, Appendix 2 provides a Microsoft Word comparison of the latest draft with the currently published Administration Strategy.
- 3.2 The Administration Strategy has had numerous updates which can be categorised as:
 - Removing the Communication Strategy;
 - Minor Regulation updates;
 - Making the Strategy more concise and user friendly by removing unnecessary wording;
 - Streamlining the recovery of costs approach.
- 3.3 The Pension Fund Boards suggested a number of amendments to the draft Strategy put to them for consideration, which have now been incorporated into the latest draft. These amendments included:
 - Clarification that any costs recovered would be directly used to reduce the administration cost to all scheme employers;
 - Mentioning that we would escalate poor performance concerns to the most senior contact available within scheme employer organisations;
 - Confirmation that where the scheme employer fails to pay poor performance charges, any further costs incurred by LGSS Pensions to recover these monies would also be recharged.

4. Next steps

- 4.1 Following approval by the Pension Committee the Administration Strategy will be subject to a 30 day consultation with relevant stakeholders e.g. scheme employers and HR/Payroll data suppliers.

- 4.2 Should the consultation process result in material changes to the Strategy it will be brought to the next available meeting of the Pension Committee for final approval prior to publication. Otherwise, the Strategy will be published immediately following the consultation process.
- 4.3 Once implemented the Pension Committee will be advised of employer performance issues and cost recovery as part of the existing quarterly performance reporting process.

5. Relevant Pension Fund Objectives

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

6. Finance & Resources Implications

- 6.1 Any costs recovered will be enough to cover the resources expended in seeking recovery of those costs and will be used to reduce the administration cost for all scheme employers.

7. Risk Implications

a) Risk(s) associated with the proposal

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

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

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

Direct Communications	<p>The Fund will publish the policy on its website for consultation following approval by the Pensions Committee, issuing a direct communication to each relevant stakeholder</p> <p>Following the consultation process, employers will be briefed on the new Strategy, and processes for implementation, at the next Employer Forum.</p>
Website	As above

9. Legal Implications

9.1 Not applicable

10. Consultation with Key Advisers

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

11. Alternative Options Considered

11.1 Not applicable

12. Background Papers

12.1 Not applicable

13. Appendices

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

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Yes
Will further decisions be required? If so, please outline the timetable here	Depends on the outcome of the consultation
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 15 June 2017
Has this report been cleared by Head of	Mark Whitby – 30 May 2017

Pensions?	
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 15 June 2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 9 June 2017