

PENSION FUND COMMITTEE



Monday, 13 December 2021

Democratic and Members' Services

Fiona McMillan
Monitoring Officer

14:00

New Shire Hall
Alconbury Weald
Huntingdon
PE28 4YE

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

AGENDA

Open to Public and Press by appointment only

1. **Apologies for absence and declarations of interest**
Guidance on declaring interests is available at
<http://tinyurl.com/ccc-conduct-code>
2. **Public minutes of the Pension Fund Committee meeting held 30 September 2021 and Action Log** **5 - 12**
3. **Petitions and Public Questions**
4. **Administration Performance Report** **13 - 22**
5. **Pension Fund Annual Business Plan Update report 2021-22** **23 - 44**
6. **Risk Monitoring** **45 - 70**
7. **Governance and Compliance report** **71 - 76**

- | | | |
|-----|--|-----------|
| 8. | Cambridgeshire Pension Fund Training Strategy Review | 77 - 110 |
| 9. | Employer Admissions and Cessations report | 111 - 116 |
| 10. | Exclusion of Press and Public <i>To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed - information relating to the financial or business affairs of any particular person (including the authority holding that information)</i> | |
| 11. | Cyber-resilience update <ul style="list-style-type: none"> • Information relating to the financial or business affairs of any particular person (including the authority holding that information); | |
| 12. | ACCESS Update <ul style="list-style-type: none"> • Information relating to the financial or business affairs of any particular person (including the authority holding that information); | |
| 13. | Investment Strategy Statement <ul style="list-style-type: none"> • Information relating to the financial or business affairs of any particular person (including the authority holding that information); | |

Attending meetings and COVID-19

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

The Pension Fund Committee comprises the following members:

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

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

Minutes of the Pension Fund Committee

Date: 30th September 2021

Time: 10:00am – 11.30am

Venue: New Shire Hall, Alconbury Weald

Present: County Councillors H Batchelor (substituting for E Murphy), I Gardener, C Rae (Vice-Chair), A Sharp, A Whelan (Chair); Peterborough City Councillor A Coles; Liz Brennan, Lee Phanco and John Walker

Officers: D Cave, S Heywood, J Kent, M Oakensen and M Whitby

13. Apologies for absence and declarations of Interest

Apologies were presented on behalf of County Councillors Murphy (Cllr H Batchelor substituting) and J Schumann; and Matthew Pink (Liz Brennan substituting).

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

Cllr Coles declared an interest as he was the beneficiary of a family pension.

14. Public minutes of the Pension Fund Committee meeting held 22nd July 2021 and Action Log

The minutes of the Pension Fund Committee meeting held on 22nd July 2021 were approved as a correct record.

The Action Log was noted.

15. Administration Performance Report

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

Members' attention was drawn to the following areas:

- The Key Performance Indicators (KPIs) detailed in Appendix 1 to the report. With regard to a number of Red areas due to an increase in volumes, the Committee was assured that this had been addressed;
- Employer/employee contributions were detailed in Appendix 2. 100% had been submitted on time for much of the period, but had dropped slightly to 99% towards the end;
- Issues in relation of breaches of law and Internal Dispute Resolution Procedure

One Member asked what impact the non material breaches had on beneficiaries of the fund, where these breaches were due to the employer. Officers advised that employers were required to submit information by 30 April; failure to do so put pressure on the Pension Team to complete the pension benefits statement and pension savings statement by the required deadlines. However, such breaches were recorded but did not impact on scheme beneficiaries.

In response to a query on outstanding actions in relation to Service Level Agreements (SLAs), officers advised that the necessary actions had been undertaken, although there was one team that was being monitored closely in terms of performance, and there was an action plan in place. The Committee was advised that there were likely to be some Red areas (failure to meet statutory targets) in the next reporting period because there had been a system outage for a few days, in a service requiring a five day turn around.

The Chair commented that it was good to hear everything was working well, and that the scheme administration was generally in a good position.

It was resolved to note the Administration Performance report.

16. Cambridgeshire Pension Fund Business Plan Update

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

Officers highlighted that the process for retendering the investment advisory services contract had been concluded, with Mercer being reappointed. A slight issue had arisen owing to value of the contract, as the Council's procurement process required senior directors at Mercer to sign off. An extension had been agreed with the S151 officer, and the new contract would be effective as soon as the contract had been signed.

Members noted:

- A new template was required for the Business Continuity Plan as West Northamptonshire Council was a new entity. This new template was currently being populated;

- Preparation for the McCloud age discrimination remedy was underway. For the majority of scheme employers, data had been requested to help the Pensions team rectify their records;
- Members noted a fairly modest £43K variance in administration expenses for 2021-22.

A Member asked if the imminent arrival of the end of the government's furlough arrangements would have any impact on the administration of Pension Fund. Officers advised that they had been in discussions with those employers where there may be issues as a result of the pandemic and furlough. It had only impacted on a few of the smaller Employers, and none of those had been unable to pay their pension contributions for any sustained period, so ultimately there would be no material impact on the Fund.

It was resolved unanimously to note the Business Plan Update.

17. Governance and Compliance Report

Members received a report on governance issues concerning the Local Government Pension Scheme (LGPS) on a national and local basis, and also details of forthcoming training events.

Members noted the comments regarding the results of the Pension Regulator's Governance and Administration Survey, a voluntary and anonymous survey, where public service pensions schemes were asked to respond on number of questions relating to six key processes. The report was very positive, highlighting improvements across the board, and the conclusion was that governance had generally stood up well given the unique challenges of the last year. Further details could be found at the link in the report.

The Single Code of Practice had been scheduled to come in force in November, but given the concern it had caused within the industry, and the responses the consultation had elicited, it had been delayed, and was expected to come into force in Spring 2022. The public sector had their own Code of Practice, and it was difficult to establish which parts of the Single Code of Practice were relevant to LGPS, and which were not. In response to a Member question, it was confirmed that the delay would not cause problems for the Pensions team, and may be quite helpful given other commitments.

Some Members had already undertaken the training from Aon over the summer. A link enabling Members to watch these training sessions would online be issued, and would be available until 31/12/21. If any Members were unable to access the training before that deadline, they should contact Jo or Michelle who would see if an extension could be arranged with Aon. These training sessions were key for skills and knowledge required by Members to carry out their roles as members of the Pension Committee. The Chair emphasised the importance of training, and encouraged all Members to participate.

It was resolved unanimously to note the report.

18. Cambridgeshire Pension Fund Admission Bodies, Scheme Employers and Bulk Transfer Policy

Members considered a new policy which brought together the treatment of admitted bodies and scheme employers in a range of scenarios, particularly their entry and exit from the Fund, the approach of the Administering Authority and the processes followed, and specifically the process for the bulk transfer of pension rights into and out of the Fund. The policy provided clarity for relevant Employers whilst at the same time ensuring sufficient funds was available to pay pension benefits.

It was resolved unanimously to approve the amendments to the Admission Bodies, Scheme Employers and Bulk Transfer Policy.

19. Employer Admissions and Cessations report

The Committee received a report on the admission of five admission bodies, one scheduled body and the cessation of six bodies.

It was noted that the relevant legislation provided for the participation of a number of different types of body in the Local Government Pension Scheme (LGPS), namely scheduled, designating and admission bodies. None of the admissions and cessations listed in the report were unusual, and there was no need to seek an exit deficit payment from any of the six employers that were exiting.

It was resolved unanimously to:

1. note the admission of the following admitted bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreements:

- Compass Contract Services
- Elixir Holdings UK Ltd
- Milestone Infrastructure Limited – M Group Services
- Multi-Active Holiday Courses Limited
- VHS Cleaning Services Limited

2. note the admission of the following schedule body to the Cambridgeshire Pension Fund

- Eastern Learning Alliance

3. note the cessation of the following bodies from the Cambridgeshire Pension Fund:

- ABM Catering Limited
- CleanTec Services Ltd
- Easy Clean Limited
- Edwards & Blake Limited
- TBAP Multi-Academy Trust

- William Law C of E Primary School

20. Exclusion of Press and Public

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

21. Cambridgeshire Pension Fund Draft Cyber Strategy

The Committee considered a draft Cyber Strategy for the Fund.

It was resolved unanimously to:

- 1) Approves the draft Cyber Strategy (Appendix A of the report);
- 2) Notes the associated Cyber Action Plan (Appendix B of the report).

22. Cambridgeshire Pension Fund Multiple Investment Strategies

The Committee considered an update on the implementation of multiple investment strategies.

It was resolved unanimously to agree the report recommendations.

This log captures the actions from the Pension Fund Committee of the 30 September 2021 together with any carried forward items from previous meetings and updates members on the progress on compliance in delivering the necessary actions. This is the updated action log as at 30 November 2021.

Outstanding actions from 30 September 2021 meeting of the Pension Fund Committee

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

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

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

Cambridgeshire Pension Fund

Pension Fund Committee

13 December 2021

Report by: Head of Pensions

Subject: Administration Performance Report

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

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

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

1. Background

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

2. Key Performance Indicators – Pensions Service

- 2.1 The Pension Fund Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of the Pensions Service.
- 2.2 Full KPI details for the period 1 June to 30 September 2021 can be found in appendix 1.
- 2.3 Over the 4-month period there been a number of resource and system issues that have impacted performance, particularly relating to the payment of retirement benefits.
- 2.4 The corporate network was unavailable for a couple of days in mid-August and following that changes to the WNC firewall caused intermittent responsiveness issues with our hosted pensions server until mid to late October. This impacted all casework teams to varying degrees.
- 2.5 In addition, the retirements team has managed two vacancies over the period June to October, with associated training implications following successful recruitment, and contended with Covid sickness absences and seasonal leave. This has meant that at various points during the review period only half of the team have been available.

- 2.6 Performance delays are most noticeable in our newest indicator, retirement from deferred status; there are not ordinarily the same continuity of income issues as with retirements from active status nor the same statutory performance requirement. We still believe the performance target is achievable and will be looking to improve performance in this area over the coming months.

3. Receipt of Employee and Employer Contributions

- 3.1 Employers in the Fund have a statutory obligation to arrange for the correct deduction of employee and employer contributions and to ensure payment reaches the Pension Fund by the 19th of the month following the month of deduction. Providing an associated monthly statement/schedule in a format acceptable to the Administering Authority.
- 3.2 The table in appendix 2 shows the percentage of employers in the Cambridgeshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late for the period 1 September 2020 to 31 August 2021.
- 3.3 There were no late payments of contributions in August, seven in July and one late payment in June.

4. Breaches of the Law

- 4.1 There are various laws relating to the Local Government Pension Scheme, with various individuals, including the Pension Fund Committee, having a statutory duty to report material breaches of the law to the Regulator. The Cambridgeshire Pension Fund maintains a record of both material breaches that are reported to the Pensions Regulator as well breaches that are deemed not to be of material significance and so are not reported to the Pensions Regulator.
- 4.2 For the period 1 June to 30 September 2021, the following breaches occurred:

| Type of Breach | Detail of Breach | Course of action |
|-----------------------|--|--|
| Material Breaches | None | None |
| Non Material Breaches | Two employers in the Fund failed to submit information in order for Pension Saving Statements to be issued by the statutory deadline of 6 October 2021. This has affected 4 members. | All affected members have been written to advising that there will be a delay in receiving this information and the matter has been escalated with each employing authority. |
| | 0.9% of Annual Benefit Statements were not issued by the statutory deadline of 31 st August due to a delay in information from the respective employers. | All Annual Benefit Statements have now been issued and employers reminded of their statutory obligations. |

5. Internal Dispute Resolution Procedure

- 5.1 Members, prospective members, and beneficiaries may not always agree with pension decisions that are made or may be unhappy that decisions have not been made, by either an administering authority or a scheme employer. The Internal Dispute Resolution Procedure (IDRP) is the route by which they may raise their concerns and challenge such decisions.
- 5.2 The following table details that activity undertaken during the period 1 August 2021 to 30 November 2021 in respect of administering authority disputes.

| Nature of dispute | Stage 1 (Head of Pensions) | Stage 2 (Cambridgeshire County Council Monitoring Officer) |
|---|---------------------------------------|--|
| Dispute over benefits payable where AVCs were included in estimate of lump sum (received 13 August 2021). | Partially upheld (4 October 2021). | N/A |
| Dispute over transfer out of pension benefits not being allowed due to the transfer containing GMP and the member being above age 60 (received 6 September 2021). | Partially upheld - (16 November 2021) | N/A |
| Length of time to finalise early payment of benefits on ill health grounds for a terminally ill deferred member and other issues regarding payment of benefits (received 3 June 2021) | Partially upheld (17 August 2021). | N/A |
| Dispute over value of benefits paid and delays following issues with membership details (received 23 April 2021) | Upheld (2 July 2021) | Pending response due by 12 December 2021 |
| Seeking reinstatement / compensation for LGPS benefits that were transferred to an overseas pension scheme in 2015 (received 5 December 2019) | Not upheld (2 March 2021) | In progress. Appeal received 29 June 2021. Deadline for response is 18 November 2021 but extended to 10 December 2021 by the Monitoring Officer. |

6. Customer Service Excellence Standard

- 6.1 The Pensions Service recently undertook the annual assessment required to maintain the accreditation for the Customer Service Excellence Standard. The assessment confirmed that the service has retained the 7 compliance pluses from last year and gained an additional one compliance plus from the assessment this year.

7. Relevant Pension Fund Objectives

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

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

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

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

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

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

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

8. Risk Management

8.1 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.

8.2 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 |

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

9. Communication Implications

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

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

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

10. Finance & Resources Implications

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

11. Legal Implications

11.1 Legal advice was sought from the Fund's advisors in relation to the Internal Dispute Resolution Procedure as referenced in section 5.2.

12. Consultation with Key Advisers

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

13. Alternative Options Considered

13.1 Not applicable

14. Background Papers

14.1 Not applicable

15. Appendices

15.1 Appendix 1 Key Performance Indicators – Pensions Service

15.2 Appendix 2 Receipt of Employee and Employer Contributions

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

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 01/12/2021

Has this report been cleared by Head of Pensions? Mark Whitby – 19/11/2021

Has the Chair of the Pension Committee been consulted? Councillor Whelan – 01/12/2021

Has this report been cleared by Legal Services? Fiona McMillan – 19/11/2021

Appendix 1 - Key Performance Indicators – Pensions Service June to September 2021

| 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% | June July August September | 195 116 146 109 | 183 116 138 98 | 12 0 8 11 | 93 100 94 89 | Green Green Green Amber | SLA target met SLA target met SLA target met SLA target not met |
| Payment of retirement benefits from active employment | Notify employees retiring from active membership of benefits award, from date payable or date of receiving all necessary information if later within 5 working days. | 95% | June July August September | 55 54 36 76 | 51 53 29 71 | 4 1 7 5 | 92 98 80 93 | Amber Green Red Amber | SLA target not met SLA target met SLA target not met SLA target not 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% | June July August September | 57 56 82 99 | 47 41 50 82 | 10 15 32 17 | 82 73 60 82 | Red Red Red Red | SLA target not met SLA target not met SLA target not met SLA target not met |
| Award dependant benefits – Statutory | Issue award within 5 working days of receiving all necessary information. | 95% | June July August September | 38 41 33 31 | 38 41 33 31 | 0 0 0 0 | 100 100 100 100 | Green Green Green Green | SLA target met SLA target met SLA target met SLA target met |
| Provide a maximum of one estimate of benefits to employees per year on request – Statutory | Estimate in agreed format provided within 10 working days from receipt of all information. | 90% | June July August September | 64 56 30 27 | 63 56 28 24 | 1 0 2 3 | 98 100 93 88 | Green Green Green Amber | SLA target met SLA target met SLA target 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% | June July August | 57 48 23 | 57 47 22 | 0 1 1 | 100 97 95 | Green Green Green | SLA target met SLA target met SLA target met |

Appendix 1 - Key Performance Indicators – Pensions Service June to September 2021

| | | | | | | | | | |
|---------------------------|----------------------------|-----|-----------|----|----|---|-----|-------|--------------------|
| Statutory | | | September | 18 | 16 | 2 | 88 | Amber | SLA target not met |
| Payment of transfer out – | Process transfer out | 90% | June | 23 | 23 | 0 | 100 | Green | SLA target met |
| Statutory | payment – letter issued | | July | 21 | 21 | 0 | 100 | Green | SLA target met |
| | within 10 working days of | | August | 31 | 30 | 1 | 96 | Green | SLA target met |
| | receipt of all information | | September | 14 | 14 | 0 | 100 | Green | SLA target met |
| | needed to calculate | | | | | | | | |
| | transfer out payment. | | | | | | | | |

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

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

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

Appendix 2 - Receipt of Employee and Employer Contributions

| Month/Year | % of Employers Paid on Time | % of Employers Paid Late | % of Employers that Submitted Schedule on Time | % of Employers that Submitted Schedule Late |
|--------------------|-----------------------------------|-----------------------------|---|--|
| September 2020 | 99.8 | 0.2 | 99.8 | 0.2 |
| October 2020 | 100 | 0 | 100 | 0 |
| November 2020 | 100 | 0 | 100 | 0 |
| December 2020 | 100 | 0 | 100 | 0 |
| January 2021 | 100 | 0 | 100 | 0 |
| February 2021 | 100 | 0 | 100 | 0 |
| March 2021 | 100 | 0 | 100 | 0 |
| April 2021 | 99.2 | 0.8 | 99.6 | 0.4 |
| May 2021 | 99.8 | 0.2 | 99.8 | 0.2 |
| June 2021 | 99.8 | 0.2 | 99.8 | 0.2 |
| July 2021 | 98.6 | 1.4 | 98.6 | 1.4 |
| August 2021 | 100 | 0 | 99.8 | 0.2 |
| Average for period | 99.8 | 0.2 | 99.8 | 0.2 |

Cambridgeshire Pension Fund

Pension Fund Committee

Date: 13 December 2021

Report by: Head of Pensions

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

Purpose of the Report: To present the Business Plan Update up to 31 October 2021

Recommendation: The Pension Fund Committee is asked to:
Note the Business Plan Update to 31 October 2021

Enquiries to: Mark Whitby, Head of Pensions
mark.whitby@westnorthants.gov.uk

1. Background

- 1.1 Good governance requires that updates to the pre-agreed Annual Business Plan and Medium-Term Strategy are provided to the Committee on a regular basis. This update highlights the progress made on the key activities for the period up to 31 October 2021.
- 1.2 A full list of the key fund activities for the 2021/22 financial year can be found in appendix 1 of this report.

2. Variances against the forecast of investments and administration expenses

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

3. Key activities

3.1 Re-tender for strategic investment advisory services

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

3.1.2 Key milestones:

| Key Milestones | Dates | On target for completion? |
|---|-----------------------------|---|
| Notify successful supplier | April 2021 | Completed |
| Complete Consultancy procurement / complete National Frameworks Order | June 2021 | Procurement completed. Order will be completed in line with new contract (see below) |
| Complete Management Performance Reporting procurement | June 2021 | Not applicable |
| Transition/handover (including historical performance data) | July 2021 to September 2021 | Not applicable |
| New contract begins | 1 October 2021 | Delayed (see below) |
| Strategy health check | 31 March 2022 | On target |

3.1.3 Update: The successful supplier was the Fund's incumbent strategic adviser, Mercer. Officers are currently working on completing the contract with Pathfinder Legal Services and Mercer. Completion was delayed due to a revised attestation clause being needed due to the value of the contract. As the existing contract expired on 30 September 2021, Officers have extended the current contract under the existing terms until either when the new contract is signed or the 31 December 2021.

3.2 Retender for global custody services

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

3.2.2 Key milestones:

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

3.2.3 Update: Completed, the contract has now been signed by all parties.

3.3 Review contracts for actuarial, benefits and governance consultancy services

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

Key milestones:

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

- 3.3.2 Update: No further update following the decision made in July to extend the Actuarial Services contract by 12 months and to re-tender for the Benefits and Governance Consultancy Services in line with the expiry of the existing contract on 1 April 2023.

3.4 Re-tender for pensions administration and pensioner payroll platform

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

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

- 3.4.2 Key milestones:

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

- 3.4.3 Update: No planned activity scheduled for this reporting period.

3.6 Review Business Continuity Plan

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

3.6.2 Key milestones:

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

3.6.3 Update: A corporate BCP template has now been acquired from West Northamptonshire Council (WNC) and has been completed to reflect the new arrangements within WNC and to look at wide range of scenarios such as loss of premises and loss of IT.

3.7 Develop the Fund's cyber-resilience strategy

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

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

3.7.2 Key milestones:

| Key Milestones | Dates | On target for completion? |
|--|--------------------|--|
| Develop a cyber-resilience strategy and action plan. | April to June 2021 | Completed and updated in November 2021 |
| Undertake mapping of data and asset flows. | April to June 2021 | Completed |

| Key Milestones | Dates | On target for completion? |
|--|--------------------|--|
| Submit survey to higher risk suppliers to ascertain their approach to cyber-resilience. Aon's specialist cyber-resilience team to analyse survey responses and provide feedback. | April to June 2021 | Survey's issued in October 2021 and responses due to be analysed by February 2022. |
| Pension Fund Board to provide scrutiny of cyber-resilience strategy and action plan. | July 2021 | Completed |
| Pension Fund Committee to approve cyber-resilience strategy, incident response plan and action plan. | October 2021 | Completed |

- 3.7.3 Update: The Cyber-Resilience Strategy and action plan was approved in October and revised again in November to take into account further actions and realignment of activities deemed priority. The mapping of the Fund's data and asset flows has now been completed with the four riskiest suppliers to the Pension Fund identified. The four suppliers have been sent the survey to ascertain their approach to cyber security. The responses will be analysed by Aon's specialist cyber security team with feedback to be presented at the next meeting of the Pension Fund Committee.

3.8 Obtain the Pension Administration Standards Association (PASA) accreditation

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

3.8.2 Key milestones:

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

- 3.8.3 Update: No planned activity scheduled for this reporting period.

3.9 Complete the Guaranteed Minimum Pension Rectification

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

3.9.2 Key milestones

| Key Milestones | Dates | On target for completion? |
|---|-----------------------|---------------------------|
| Produce project plan to rectify the member records that require amendments. | April 2021 | Completed |
| Implement project plan. | June to December 2021 | On target |

3.9.3 Update: Final files required to update the Pension Administration System were received and records have been updated using the guaranteed pension rectification tool purchased from Heywoods. Following analysis of the data uploaded, notifications to members affected by the changes are due to start from January 2022.

3.10 Prepare for the application of the McCloud age discrimination remedy

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

3.10.2 Key milestones:

| Key Milestones | Dates | On target for completion? |
|--|---|--|
| Issue data collection template to identified employers. | June 2021 | Completed. |
| Work with employers to collect the data required. | Rescheduled to October to December 2021 (previously June to October 2021) | On target |
| Make necessary amendments to member records for previously missing data. | June 2021 to March 2022 | Still targeting completion by March 2022 |

| Key Milestones | Dates | On target for completion? |
|--|--|---------------------------|
| Send communications to members (upon release of amended LGPS Regulations). | Expected to be April 2022 (pending guidance from DLUHC). | On target |
| Application of the revised underpin (following release of amended LGPS Regulations). | Expected to commence in 2022/23 (DLUHC to provide guidance on this matter, including time period within which this work will be undertaken). | On target |

3.10.3 Update: Data collection templates were issued to all scheme employers highlighting employees who may be affected by the changes. The deadline for the completion of these templates was 19 November 2021 and 114 out of 659 employers had been completed and returned their data at this time.

3.10.4 Some larger payroll providers have been granted an extension to supply the data, namely WNC and EPM to the 17 December 2021. There are also some employers in the Fund that have been granted an extension as they did not receive the template within their organisations within sufficient time to meet the deadline.

3.10.5 In addition, the team are working through queries with some employers and these are expected to be resolved shortly.

3.10.6 The Committee will be further updated on progress at the March 2022 meeting.

3.11 Prepare for the 2022 Valuation of the Pension Fund

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

3.11.2 Key milestones:

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

3.11.3 Update: A plan and timeline for valuation activities has been agreed with the Actuary and preparation activities commenced in August 2021. Activities at this stage include preparing membership data for the actuary to begin data cleansing activities; contribution rate modelling for large Scheduled bodies (large Councils and the Police and Fire authority) and completion of information gathering to assess the covenant strength of the Fund's riskiest employers. A revised plan has been included with this report showing any completed activities and movements in planned activities. A revised plan has been included with this report showing any completed activities and movements in planned activities.

3.12 Processing of undecided leaver records

3.12.1 Background: The Fund has a number of unprocessed leaver records where a member has left a period of pensionable employment, is not entitled to immediate payment of pension benefits, but is entitled to either a refund of contributions, aggregation with another period of pensionable membership and/or a deferred pension award. The number of these cases has historically grown due to 1) scheme employers not notifying the Fund that members of the scheme have left their employment 2) scheme employers providing late monthly reporting and 3) the volume of employer data that has to be queried.

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

3.12.2 Key milestones:

| Key Milestones | Date | On target for completion? |
|--|----------------------|---------------------------|
| Baseline volumes and develop action plan | April to June 2021 | Completed |
| Process cases in accordance with action plan | Throughout 2021/2022 | On target |
| Process cases in accordance with action plan | 2022/2023 | On target |

3.12.3 Update: As of 30 September 2021 the number of identified undecided leaver records that are more than 6 months old was 9,104. This is an increase of 348 since 31 July 2021. The increase is despite the processing of backlog cases by the Projects team and due to some business as usual cases becoming aged as they could not be completed within 6 months of notification. A comprehensive action plan has been developed to improve employer and administering authority side processes in connection with this activity, as well as any recruitment and performance issues being addressed. An additional post has been added to the BAU team to help stabilise volumes.

3.13 Scope and conduct potential liability reduction exercise

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

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

3.13.2 Key milestones:

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

3.13.3 Update: Further activity in connection with chasing members for historically unclaimed refunds has been postponed to enable Officers to concentrate on higher priority activities, including the processing of leavers. Any refunds requested by members will continued to be processed as a business as usual activity as well as issuing new refund options as and when required.

3.14 Implement multiple investment strategies

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

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

3.14.2 Key milestones:

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

3.14.3 Update: No further action following the decision not to proceed at the previous meeting.

3.15 Conduct specific employer covenant monitoring

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

3.15.2 Key milestones:

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

3.15.3 Update: An initial meeting was held with PWC at the end of October to discuss the high level results of the covenant monitoring and next steps. A summary of the results was presented to relevant employers at the Employer Forums in November and PWC identified those employers where the assessment raised particular concerns and advised that officers should contact these employers to discuss the results. It was also agreed to arrange a further meeting, including the Fund Actuary to discuss how the results will be used in the valuation and contribution rate setting process.

3.16 Continue development of the asset pool

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

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

3.16.2 Key milestones:

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

3.16.3 Update: The Fund will be transferring its existing investment in the M&G Alpha Opportunities Fund into a new ACCESS sub-fund – at the time of writing, this was on schedule for 1 December 2021.

Emerging Markets- The selection and appointment of an EM sub-fund manager is currently on hold until the sub-fund protocol approved by the ACCESS S151 Committee in November 2021 has been ratified by the and ACCESS Joint Committee in December 2021.

Illiquid assets- The procurement for the implementation adviser was completed and the standstill period ended on the 4th October 2021. Essex County Council procurement team have confirmed that MJ Hudson was the successful supplier. The ACCESS Support Unit and Essex County Council Procurement team are currently finalising the contract with MJ Hudson.

Promoting the Fund's requirements- Officers will submit the request to launch the Bluebay sub fund once the ACCESS Joint Committee approves the sub fund protocol that is due to be presented in the December Joint Committee.

3.17 Review the Fund's Responsible Investment Policy

3.17.1 Background: This continues the work undertaken in 2020/21 to revise the Fund's Responsible Investment (RI) Policy for incorporation in the Investment Strategy Statement (ISS). The revised ISS was issued for consultation during Q1 2021/22 and survey feedback will be considered by the Pension Fund Committee along with any required changes to the ISS.

The Fund will also work with its advisers, partner ACCESS funds and Link to develop a governance and reporting framework to monitor compliance with the Fund's RI Policy.

3.17.2 Key milestones:

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

3.17.3 Update: The ISS was approved at the September ISC and will be presented at this meeting for approval. This was deferred to the December meeting due to the close proximity of the September ISC and Pension Fund Committee date.

3.18 Review the Property Strategy

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

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

3.18.2 Key milestones:

| Key Milestones | Dates | On target for completion? |
|---|---------------|---------------------------|
| Commence the review | October 2021 | Completed |
| Complete the review and submit report to the Investment Sub Committee | February 2022 | On target |
| If a change to Strategic Allocation, approval by Pension Fund Committee | March 2022 | On target |
| Communicate the Fund's requirements to the ACCESS pool | April 2022 | On target |

3.18.3 Update: Officers have reviewed the scope for the property investment review with the Independent Adviser and Mercer are currently working on the report for the February meeting of the ISC.

3.19 Review of Performance Reporting and Benchmarks

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

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

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

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

3.19.2 Key milestones:

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

3.19.3 Update: A revised reporting template has been used for the September 2021 quarterly performance report and will be updated based on feedback from ISC Members.

4. Additional key activities for 2021/22

4.1 Review contract for specialist pensions legal services

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

4.2.2 Key milestones:

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

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

4.2 Review the Pension Regulator's revised Code of Practice

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

4.2.2 Key milestones:

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

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

5. Relevant Fund objectives

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

6. Risk Management

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

6.2 The risks associated with failing to monitor progress against the Business Plan have been captured in the Fund's risk register as detailed below:

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

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

7. Communication Implications

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

8. Finance & Resources Implications

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

9. Legal Implications

9.1 Not applicable

10. Consultation with Key Advisers

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

11. Alternative Options Considered

11.1 Not applicable

12. Background Papers

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

13. Appendices

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

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

13.3 Appendix 3 – Valuation Plan

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 01/12/2021

Has this report been cleared by Head of Pensions? Mark Whitby – 22/11/2021

Has the Chair of the Pension Committee been consulted? Councillor Whelan – 01/12/2021

Has this report been cleared by Legal Services? Fiona McMillan – sent 22/11/2021

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

| Activity | Area | Period | On target for this reporting period? |
|---|---|----------------------------------|--------------------------------------|
| Retender for strategic investment advisory services | Procurement of services | April 2021 to 31 March 2022 | Yes |
| Re-tender for global custody services | Procurement of services | December 2020 to September 2021 | Yes |
| Review contracts for actuarial, benefits and governance consultancy services | Procurement of services | June 2021 | Yes |
| Re-tender for pensions administration and pensioner payroll platform | Procurement of services | September 2022 to October 2024 | Yes |
| Added July 2021 - Review contract for specialist pensions legal services | Procurement of services | February 2022 | Yes |
| Review Business Continuity Plan | Core services and governance activities | October 2021 to December 2021 | Yes |
| Develop the Fund's cyber-resilience strategy | Core services and governance activities | April 2021 to October 2021 | Yes |
| Obtain the Pensions Administration Standards Association (PASA) accreditation | Core services and governance activities | April 2022 to 2023/24 | Yes |
| Added July 2021 – Review the Pension Regulator's revised code of practice | Core services and governance activities | November 2021 – July 2022 | Yes |
| Complete the Guaranteed Minimum Pension Rectification | Scheme member data projects | April 2021 to December 2021 | Yes |
| Prepare for the application of the McCloud age discrimination remedy | Scheme member data projects | June 2021 to 2022/23 | Yes |
| Prepare for the 2022 Valuation of the Pension Fund | Scheme member data projects | April 2021 to April 2023 onwards | Yes |
| Processing of undecided leaver records | Scheme member data projects | April 2021 to 2022/23 | Yes |
| Scope and conduct potential liability reduction exercises | Scheme member data projects | April 2021 to March 2023 | No |
| Implement multiple investment strategies | Scheme employer projects | April 2021 to September 2022 | Yes |

| | | | |
|---|-------------------------------|----------------------------|-----|
| Conduct specific employer covenant monitoring | Scheme employer projects | April 2021 to March 2022 | Yes |
| Continue development of the asset pool | Investment related activities | 2021/2022 to 2022/23 | Yes |
| Review the Fund's Responsible Investment Policy | Investment related activities | April 2021 to October 2021 | Yes |
| Review of Performance Reporting and Benchmarks | Investment related activities | April 2021 to March 2022 | Yes |

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

| Fund Account | 2021/22 Estimate | 2021/22 Forecast | Variance | Comments |
|---|---------------------|---------------------|-----------------|--|
| | £000 | £000 | £000 | |
| Contributions | 119,000 | 122,000 | 3,000 | Contributions in line with current membership numbers |
| Transfers in from other pension funds | 23,000 | 12,000 | (11,000) | Large transfer in from Lincolnshire (£15.5m) originally projected in 21/22 but paid in 20/21 |
| Total income | 142,000 | 134,000 | (8,000) | |
| Benefits payable | (113,000) | (115,000) | (2,000) | Demand led |
| Payments to and on account of leavers | (7,000) | (9,000) | (2,000) | |
| Total Payments | (120,000) | (124,000) | (4,000) | |
| Net additions/(withdrawals) from dealings with members | 22,000 | 10,000 | (12,000) | |
| Management Expenses | (4,173) | (4,162) | 11 | See below |
| Total income less expenditure | 17,827 | 5,838 | (11,989) | |
| Investment income | 34,000 | 34,000 | - | Actual Q2 return followed by actuarial long term growth assumption |
| Taxes on income | - | - | - | |
| profit and (losses) on disposal of investments and changes in the market value of investments | 150,000 | 242,928 | 92,928 | |
| Net return on investments | 184,000 | 276,928 | 92,928 | |
| Net increase/(decrease) in the net assets available for benefits during the year | 201,827 | 282,766 | 80,939 | |

| Management Expenses | 2021-22 Estimate | 2021-22 Forecast | Variance | Comments |
|------------------------------------|-------------------------|-------------------------|-----------------|--|
| | £000 | £000 | £000 | |
| Total Administration Expenses | (2,539) | (2,605) | (66) | See below |
| Total Governance Expenses | (720) | (643) | 77 | Consultancy costs and legal costs lower than expected at October 2021. |
| Total Investment Invoiced Expenses | (914) | (914) | - | |
| Total Management Expenses | (4,173) | (4,162) | 11 | |

| Administration Expenses Analysis | 2021-22 Estimate | 2021-22 Forecast | Variance | Comments |
|--|-------------------------|-------------------------|-----------------|--------------------------------------|
| | £000 | £000 | £000 | |
| Staff Related | (1,597) | (1,591) | 6 | |
| Altair administration and payroll system | (365) | (395) | (30) | Altair Insights addendum |
| Data projects | (49) | (92) | (43) | McCloud Change Request |
| Communications | (24) | (24) | - | |
| Other Non-Pay and Income | (15) | (14) | 1 | |
| County Council Overhead Recovery | (489) | (489) | - | TBC by the end of the financial year |
| Total Administration Expenses | (2,539) | (2,605) | (66) | |

| Month | Activity |
|------------------------------|--|
| Nov-Dec 2021 | <ul style="list-style-type: none"> • Data cleanse using March 2021 data • Contribution rate modelling for Council employers (plus Police and Fire) • Issue “warm-up” valuation communication to Council employers (plus Police and Fire) • Employer valuation engagement kick-off alongside results of covenant analysis • Assumption-setting analysis and officer discussion |
| Jan 2022 | <ul style="list-style-type: none"> • Discuss contribution rates for Council employers (plus Police and Fire) with officers and CFOs |
| Feb 2022 | <ul style="list-style-type: none"> • Deliver virtual valuation training session to Committee |
| March 2022 | <ul style="list-style-type: none"> • Agree initial assumptions with officers • Present initial assumptions and results of contribution rate modelling to Committee |
| July 2022 | <ul style="list-style-type: none"> • Provision, validation and sign-off of valuation data |
| Sep 2022 | <ul style="list-style-type: none"> • Provision of whole fund results • Provision of draft Funding Strategy Statement (FSS) |
| Oct 2022 | <ul style="list-style-type: none"> • Discuss whole fund results with Committee • Approve draft FSS for stakeholder consultation • Employer results discussed and agreed |
| Nov 2022 | <ul style="list-style-type: none"> • FSS released for stakeholder consultation • Share employer results and proposed contributions • Host employer forums and meetings to discuss results |
| Dec 2022 | <ul style="list-style-type: none"> • Agree final FSS |
| Dec–Feb 2023 | <ul style="list-style-type: none"> • Consultation and discussions with employers |
| Mar 2023 | <ul style="list-style-type: none"> • Agree final valuation report and certified rates |
| April 2023 – Aug 2024 | <ul style="list-style-type: none"> • Supply data and liaise with GAD on Section 13 • Discuss Section 13 results |

Cambridgeshire Pension Fund

Pension Fund Committee

Date: 13 December 2021

Report by: Head of Pensions

Subject: Risk Monitoring

Purpose of the Report: To present the Cambridgeshire Pension Fund Risk Monitoring Report

Recommendations: The Committee is asked to review the current risks facing the Fund

Enquiries to: Michelle Oakensen, Governance Officer,
Michelle.Oakensen@westnorthants.gov.uk

1. Background

- 1.1 The Cambridgeshire Risk Strategy and Risk Register were reviewed and approved by the Pension Fund Committee on 28 March 2019. Following this approval, the Pension Fund Board have reviewed the risks facing the Fund on a quarterly basis and the Pension Fund Committee have reviewed on a bi-annual basis. This report is a continuation of the review process to ensure the risk register remains up to date and relevant.
- 1.2 At this time it was agreed that the Pension Fund Board would monitor risks in a quarterly basis and the Pension Fund Committee would review on a bi-annually basis, unless any concerns were raised by the Board prior to this.
- 1.3 This supports the Pension Regulator's Code of Practice 14 – Governance and administration of public service pension schemes with regards to monitoring and reviewing risks. Full details can be found - [Code of Practice](#).

2. Recommendations made by the Pension Fund Board

- 2.1 During the meetings of 22 February, 2 July and 5 November 2021 the Pension Fund Board reviewed the risk register and full details of the amendments made are in appendix 1 of this report. The changes have largely been as a result of increased activity surrounding pension scams and cyber security. Other changes have been as a result of service impacts such as not receiving data in a timely manner and recruitment and retention considerations.
- 2.2 Mitigations and scores have been reviewed across the board and updated where necessary to ensure the risk register remains as robust as possible and fit for purpose.
- 2.3 Committee members are asked to review the full risk register located in appendix 2 of this report and advise if any further changes are required.

3.1 Impact of the pandemic

- 3.1.1 The service has continued to predominantly work remotely during the period. Gradually some elements of the service have resumed such as face to face meetings and the allocation of increased working capacity allowing for increased administrative functions, this has particularly impacted the ability to make and receive calls.
- 3.1.2 During August and September, the Service saw an increase in staff illnesses such as Covid 19 and seasonal flu following previous lockdowns, this has impacted the Service's ability to maintain high standards of productivity in some areas and this will continue to be monitored.
- 3.1.3 High level discussions regarding staff returning to the office continue to take place centrally.

3.2 Administrative pressures facing the Fund

- 3.2.1 On the 25 February 2021 the Restriction of Public Sector Exit Payments Regulations 2020 were formally revoked; however, it is expected that HM Treasury will draft new regulations to implement a public sector exit payment cap in short order. A public consultation has been promised before the new regulations are made in law. As with the now revoked exit payment cap legislation, the Pensions Service will need to repeat the communication activities undertaken with scheme members and scheme employers as well as make changes to the processes required for processing redundancy retirement benefits in accordance with the new regulations and associated guidance

3.3 Loss of knowledge from the Pension Fund Committee and Pension Fund Board

- 3.3.1 Following the local elections on the 6 May 2021, there have been new members appointed to both the Committee and Board. In order to ensure members have the required skills and knowledge to fulfil their duties an initial training session was delivered on 21 June 2021. This session provided a detailed explanation of how the Fund is governed and fiduciary duty.
- 3.3.2 Subsequent CIPFA skills and knowledge modules were delivered virtually from July to September 2021 by the Fund's governance advisors, Aon.
- 3.3.3 All members are expected to undertake any missed training by the end of December 2021 in order to meet the training requirements of the Fund.

4. 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.

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.

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.

Continually monitor and measure clearly articulated objectives through business planning. Deliver consistent plain English communications to stakeholders.

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

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

5. Risk Management

5.1 The Pension Fund Committee and Pension Fund Board are expected to monitor risk and compliance and act appropriately where there is a cause for concern.

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

| Risk mitigated | Residual risk |
|---|---------------|
| Failure to understand and monitor risk and compliance | Green |
| Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making. | Green |

5.3 The full risk register can be found in appendix 2.

6. Finance & Resources Implications

6.1 None.

7. Communication Implications

Website: The risk register is on the Pensions Service Website. The Local Pension Board will be kept up to date with risks at each meeting.

8. Legal Implications

8.1 None

9. Consultation with Key Advisers

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

10. Alternative Options Considered

10.1 There are no alternative options to be considered

11. Background Papers

- 11.1 The Cambridgeshire Pension Fund Risk Strategy – [Key documents \(CCC\) - Cambridgeshire and Northamptonshire LGPS](#)

12. Appendices

- 12.1 Appendix 1 – Amendments to the Risk Register
Appendix 2 - The Cambridgeshire Pension Fund Risk Register

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 01/12/2021

Has this report been cleared by Head of Pensions? Mark Whitby – 19/11/2021

Has the Chair of the Pension Committee been consulted? Councillor Whelan – 01/12/2021

Has this report been cleared by Legal Services? Fiona McMillan – 19/11/2021

| Appendix 1 – Amendments to the Risk Register | | | |
|--|--|--|--|
| Current Risk No | Risk | Change | Detail |
| 3. | As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments. | Added mitigation | The Head of Pensions is chairing an ACCESS Task & Finish Group responsible for the development of Pool Guidelines and future ESG reporting requirements, ensuring the Fund's responsible investment needs are met. |
| 6. | The Pension Fund and its members may become a target for fraudsters and criminals (cyber-crime). | Updated risk | Risk separated from IT risk with specific mitigations applied (cyber-crime references removed from risk 16). |
| 9. | Those charged with governance are unable to fulfil their responsibilities effectively. | Updated risk score Added Mitigation | Gross score increased to 12 (impact 3, likelihood 4) with no increase to the residual score due to new Committee and Board members. CIPFA Skills and Knowledge training within 6 months of joining followed by targeted training based on decisions that the Committee are asked to make. |
| 10. | Risk of fraud and error | Added mitigations | Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams. Aspects of the control environment are tested by Internal Audit and External Audit. |

| Current Risk No | Risk | Change | Detail |
|-----------------|--|---|---|
| 12. | Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed. | Added mitigation | An Administration Strategy is in place setting out employer performance targets. |
| 13. | Failure to recognise and manage conflicts of interest | Updated risk score Added mitigation | Residual likelihood increased to 3 which gives an overall score of 6. Governance and legal advice sought as required. |
| 14. | Incorrect/poor quality data held on Pension Administration and Payroll platforms leading to incorrect information being provided to members and stakeholders | Risk score updated Added mitigations | Residual likelihood increased to 2 resulting in the overall rating moving to 6 from 3 due to delayed and incorrect information being received by the Fund. Dedicated Employer Services Team to query/chase data as required. Administration Strategy in place which sets out expectations of employers and potential sanctions. Escalation process in place for repeated incorrect or delayed data being received by the Fund. |

| Current Risk No | Risk | Change | Detail |
|-----------------|---|-------------------|--|
| 16. | Pension Fund systems and data may not be secure and appropriately maintained | Added mitigations | <p>Continually keeping up to date with evolving developments ensure robust cyber resilience in conjunction with specialist advice.</p> <p>Data asset mapping is being undertaken (and will be continually reviewed) to understand risks during data transfer and whilst data is held by third parties.</p> <p>Continually keeping up to date with evolving developments to ensure robust cyber resilience in conjunction with specialist advice, including the resilience when using laptops and non-corporate Wi-Fi networks.</p> |
| 17. | Failure to administer the schemes in line with regulations and guidance | Added mitigation | Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams. |
| 20. | Actual experience materially differs from actuarial assumptions used at each valuation. | Added mitigations | <p>Investment performance is reported monthly to the Fund Actuary.</p> <p>A specialist longevity service is employed to provide accurate Fund specific longevity analysis.</p> <p>Probability based/stochastic modelling techniques are used by the Fund Actuary to reduce the reliance on deterministic assumptions, ensuring numerous possible financial scenarios are modelled.</p> |
| 21. | Failure to act appropriately upon expert advice and/or risk of poor advice | Added mitigations | <p>Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams.</p> <p>Continually keeping up to date with evolving developments ensure robust cyber resilience in conjunction with specialist advice.</p> |

| Current Risk No | Risk | Change | Detail |
|-----------------|---|--|---|
| 24. | Unable to deliver pension services due to inadequate recruitment and retention processes. | Updated risk score Added mitigation | Gross score to increase to 9 and residual risk increase to 6 due to current labour market shortages. Utilising additional recruitment avenues, allowing for a wider target audience. |

| Risk No | Risk | Relevant objective s | Responsible Lead(s)* | Risk Rating | Risk position |
|----------------|--|-----------------------------|-----------------------------|--------------------|----------------------|
| 1 | Employers unable to pay increased contribution rates. | 9 | E | 12 | → 1 |
| 2 | Failure to respond to changes in economic conditions. | 15,16 | A | 12 | → 2 |
| 3 | As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments. | 18, 19 | A | 9 | → 3 |
| 4 | Contributions to the Fund are not received on the correct date and/or for the correct amount. | 1,8,9,16 | A | 8 | → 4 |
| 5 | Fund assets are not sufficient to meet obligations and liabilities. | 2,16,17,19 | A | 8 | → 5 |
| 6 | The Pension Fund and its members may become a target for fraudsters and criminals (cybercrime) | 10,11 | ALL | 8 | → 6 |
| 7 | Information may not be provided to stakeholders as required. | 14 | ALL | 6 | → 7 |
| 8 | The Investment Strategy's Risk Reward profile does not match the requirements of the Fund. | 16, 17,18 | A | 6 | → 8 |
| 9 | Those charged with governance are unable to fulfil their responsibilities effectively. | 2,3 | G | 6 | → 9 |
| 10 | Risk of fraud and error. | 2,10 | ALL | 6 | → 10 |
| 11 | Failure to understand and monitor risk compliance. | 5 | G | 6 | → 11 |
| 12 | Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed. | 8 | E | 6 | → 12 |
| 13 | Failure to recognise and manage conflicts of interest. | 2,10 | G | 6 | → 13 |
| 14 | Incorrect/poor quality information held on the Pension Administration and Payroll platforms or delays with receiving information leading to incorrect information/delayed provision of information to members and stakeholders | 2,8,10,11 | G | 6 | → 14 |
| 24 | Unable to deliver pension services due to inadequate recruitment and retention processes. | 8 | ALL | 6 | ↑ 15 |
| 15 | Custody arrangements may not be sufficient to safeguard Pension Fund assets. | 1,2,3 | A | 4 | ↓ 16 |
| 16 | Pension Fund systems and data may not be secure and appropriately maintained | 10,11 | E | 4 | ↓ 17 |
| 17 | Failure to administer the scheme in line with regulations and guidance. | 1,2,3,16 | ALL | 4 | ↓ 18 |
| 18 | Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making. | 15 | G | 4 | ↓ 19 |
| 19 | Pension Fund investments may not be accurately valued. | 2,10,17,18 | A | 4 | ↓ 20 |
| 20 | Actual experience materially differs from actuarial assumptions used at each valuation. | 9, 17,18 | E | 4 | ↓ 21 |
| 21 | Failure to act appropriately upon expert advice and/or risk of poor advice. | 17,18,19,20 | ALL | 4 | ↓ 22 |

| | | | | | |
|----|---|----------|------------|---|------|
| 22 | Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met in conjunction with the Fund Actuary/specialist advisors. | 9,17,18 | E | 4 | ↓ 23 |
| 23 | Unable to deliver pension services due to an inadequate business continuity plan. | 8 | ALL | 4 | ↓ 24 |
| 25 | Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided. | 1,2,3,19 | A | 4 | → 25 |
| 26 | Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage. | 1,2,10 | ALL | 3 | → 26 |
| 27 | Pension Fund objectives are not defined and agreed. | 4 | G | 2 | → 27 |

Key

| | |
|------------|---------------------------------------|
| E | Employer Services and Systems Manager |
| A | Accounting and Investments Manager |
| G | Governance and Regulations Manager |
| O | Operations Manager |
| ALL | All Manager Responsibility |

Overall responsibility rests with the Head of Pensions

| | | | | | |
|-----------------------------------|--------------------|-------------|------------------|------------------|----------------|
| Potential impact if risk occurred | 5 Catastrophic | 5 | 10 | 15 | 20 |
| | 4 Major | 4 | 8 | 12 | 16 |
| | 3 Moderate | 3 | 6 | 9 | 12 |
| | 2 Minor | 2 | 4 | 6 | 8 |
| | 1 Insignificant | 1 | 2 | 3 | 4 |
| | | 1 Rare (5%) | 2 Unlikely (15%) | 3 Possible (40%) | 4 Likely (65%) |
| Likelihood of risk occurring | | | | | |

| Risk No | Risk | Gross Impact | Gross Likelihood | Gross Total | R A G | Controls | Residual Impact | Residual Likelihood | Residual Total | R A G |
|---------|---|--------------|------------------|-------------|-------|--|-----------------|---------------------|----------------|-------|
| 1. | Employers unable to pay increased contribution rates. | 4 | 4 | 16 | R | <ul style="list-style-type: none"> Provisional contribution rates are consulted on with each scheme employer as part of the valuation process. Review of employer covenant, looking at the terms of the admission agreement and bond/guarantor arrangements. Negotiate terms of deficit recovery whilst keeping employer contribution rates as stable and affordable as possible. | 4 | 3 | 12 | A |
| 2. | Failure to respond to changes in economic conditions. | 4 | 4 | 16 | R | <ul style="list-style-type: none"> The Fund has established a quarterly Investment Sub Committee dedicated to focus on Investment matters. The Fund receives quarterly performance reports which consider operational and strategic investment issues. A formal review of the strategic asset allocation is undertaken on at least a triennial basis. The Fund publishes an Investment Strategy Statement, incorporating a Responsible Investment Policy, which is regularly reviewed. The Fund has currency hedging and equity protection arrangements in place. Coronavirus pandemic: Increased engagement with investment managers and monitoring of asset movements. | 4 | 3 | 12 | A |

| | | | | | | | | | | |
|----|--|---|---|----|---|---|---|---|---|---|
| 3. | As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments. | 4 | 4 | 16 | R | <ul style="list-style-type: none"> Investment managers are required to take account of both financial and non-financial factors in their investment decisions. Managers are challenged on their engagement activities in connection with environmental, social and governance (ESG) issues including climate risk. Managers are required to report regularly on their compliance with our ESG policy. The Head of Pensions is chairing an ACCESS Task & Finish Group responsible for the development of Pool Guidelines and future ESG reporting requirements, ensuring the Fund's responsible investment needs are met | 3 | 3 | 9 | A |
| 4. | Contributions to the Fund are not received on the correct date and/or for the correct amount. | 4 | 3 | 12 | A | <ul style="list-style-type: none"> Employer contributions are set as stable as possible and the Fund works with employers closely to ensure pragmatic solutions if an employer is unable to meet monthly contributions. A procedure is in place to identify non-payment and late payment of contributions as defined in the Employee and Employer Late Payment Policy. The Policy includes a reporting process to report late payments to Committee and the Pensions Regulator. Internal Audit reviews take place on an annual basis and external audit review the accounts annually. | 4 | 2 | 8 | A |

| Risk No | Risk | Gross Impact | Gross Likelihood | Gross Total | R A G | Controls | Residual Impact | Residual Likelihood | Residual Total | R A G |
|---------|---|--------------|------------------|-------------|-------|---|-----------------|---------------------|----------------|-------|
| 5. | Fund assets are not sufficient to meet obligations and liabilities. | 4 | 3 | 12 | A | <ul style="list-style-type: none"> The Funding Strategy Statement is reviewed every 3 years or more often as required. The Fund Actuary considers asset valuations and the Fund Investment Strategy in setting employer contributions rates. The year-end financial statements record the Fund's asset position and are subject to review by external audit. The Fund has currency hedging and equity protection arrangements in place. | 4 | 2 | 8 | A |
| 6. | The Pension Fund and its members may become a target for fraudsters and criminals (cybercrime). | 4 | 3 | 12 | A | <ul style="list-style-type: none"> Cyber hygiene arrangements in place for system access. Hosted pensions server and backup server are at separate sites. Disaster recovery plans are in place for both Heywood and WNC Compulsory annual online training for Officers on Cyber resilience and Data Protection. Cyber Strategy and Action Plan developed Data asset mapping undertaken (and will be continually reviewed) to understand risks during data transfer and whilst data is held by third parties | 4 | 2 | 8 | A |

| Risk No | Risk | Gross Impact | Gross Likelihood | Gross Total | R A G | Controls | Residual Impact | Residual Likelihood | Residual Total | R A G |
|---------|--|--------------|------------------|-------------|-------|---|-----------------|---------------------|----------------|-------|
| 7. | Information may not be provided to stakeholders as required. | 3 | 3 | 9 | A | <ul style="list-style-type: none"> Officers keep up to date with disclosure regulations and distribute knowledge to teams accordingly using resources such as relevant websites, seminars, professional bodies and working groups. Letters are generated through task management for consistency and are checked before being sent out. Communications Officer now in place. Membership of the LGA Communications Working Group. Membership of the Regional Joint Communications Group. Communication and Digital Communication Strategy in place. | 3 | 2 | 6 | G |
| 8. | The Investment Strategy's risk reward profile does not match the requirements of the Fund. | 3 | 3 | 9 | A | <ul style="list-style-type: none"> Investment Strategy in place which is in accordance with LGPS investment regulations. A formal review of the strategic asset allocation is undertaken on a triennial basis. The Fund appoints professional investment advisers to support the Pension Committee's investment decisions. At each triennial valuation the Fund Actuary considers and makes a statement on the links and consistency between the Fund's Funding Strategy and Investment Strategy. Committee and Board members are encouraged to participate in Skills & Knowledge training with respect to investments and attend relevant industry conferences. Detailed training records are maintained. | 3 | 2 | 6 | G |
| Risk No | Risk | Gross Impact | Gross Likelihood | Gross Total | R A G | Controls | Residual Impact | Residual Likelihood | Residual Total | R A G |

| | | | | | | | | | | |
|-----|--|---|---|----|---|---|---|---|---|---|
| 9. | Those charged with governance are unable to fulfil their responsibilities effectively. | 3 | 4 | 12 | A | <ul style="list-style-type: none"> • Training Strategy in place to facilitate the continual development of both Committee and Board members. • New members are provided with relevant documentation to assist them in their roles. • The Fund subscribes to relevant professional bodies such as the Local Authority Pension Funds Forum (LAPFF) and the Pension and Lifetime Savings Association (PLSA). • CIPFA Skills and Knowledge training within 6 months of joining followed by targeted training based on decisions that the Committee are asked to make. | 3 | 2 | 6 | G |
| 10. | Risk of fraud and error. | 3 | 3 | 12 | A | <ul style="list-style-type: none"> • Anti- Fraud and Corruption policy in place. • Fund participates in the National Fraud Initiative and undertakes overseas pensioner existence checks. • Robust processes in place including segregation of duties and authorisation protocols. • Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams. • Aspects of the control environment are tested by Internal Audit and External Audit. | 3 | 2 | 6 | G |
| 11. | Failure to understand and monitor risk compliance. | 3 | 2 | 6 | G | <ul style="list-style-type: none"> • Business Continuity plan in place and is reviewed at least annually. • Active risk register in place, the Committee and Board are updated if there are any risk movements between scheduled reporting timescales. • The Local Pension Board have oversight of risk monitoring to assist the Pensions Committee on decision making. | 3 | 2 | 6 | G |

| Risk No | Risk | Gross Impact | Gross Likelihood | Gross Total | R A G | Controls | Residual Impact | Residual Likelihood | Residual Total | R A G |
|---------|--|--------------|------------------|-------------|-------|--|-----------------|---------------------|----------------|-------|
| 12. | Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed. | 3 | 4 | 12 | A | <ul style="list-style-type: none"> Employers are made aware of their responsibilities upon admission via the Pension Service website and direct employer communication. Training is provided to employers by a dedicated Employer's Team as required. The importance of a statutory deadlines is stressed to employers through regular communications and events such as the Employer Forum. Support is also available through the website, dedicated employers help line and templates issued where applicable. An Administration Strategy is in place setting out employer performance targets. In the process of agreeing escalation pathways with the Fund's major providers of member data. | 2 | 3 | 6 | G |
| 13. | Failure to recognise and manage conflicts of interest. | 4 | 2 | 8 | A | <ul style="list-style-type: none"> Declaration of interests are made at the beginning of all statutory meetings where not held on the Councillor declaration register. Conflicts of Interest Policy in place for the Local Pension Board. Committee and Board members are encouraged to undertake the Pension Regulator's Toolkit which includes a conflicts of interest module. Governance and legal advice sought as required | 2 | 3 | 6 | G |

| Risk No | Risk | Gross Impact | Gross Likelihood | Gross Total | R A G | Controls | Residual Impact | Residual Likelihood | Residual Total | R A G |
|---------|--|--------------|------------------|-------------|-------|---|-----------------|---------------------|----------------|-------|
| 14. | Incorrect/poor quality held on the Pension Administration and Payroll platforms or delays with receiving information leading to incorrect information/delayed provision of information to members and stakeholders | 3 | 3 | 9 | A | <ul style="list-style-type: none"> The Data Improvement Policy and Plan are in place. The Data Improvement Policy and Plan are reviewed at least annually and material amendments approved by the Pensions Committee. The Local Pension Board have oversight of policy reviews. The Pension Committee and Local Pension Board receive updates against the plan quarterly. Dedicated Employer Services Team to query/chase data as required. Administration Strategy in place which sets out expectations of employers and potential sanctions. Escalation process in place for repeated incorrect or delayed data being received by the Fund. | 3 | 2 | 6 | G |
| 15. | Custody arrangements may not be sufficient to safeguard Pension Fund assets. | 4 | 2 | 8 | A | <ul style="list-style-type: none"> The Custodian is selected from experienced providers on the LGPS National Framework who have met the quality criteria for the framework. Complete and authorised agreements are in place with external custodian. External custodian's compliance with International Standard on Assurance Engagements (ISAE) No. 3402, Assurance Reports on Controls at a Service Organisation. Officers of the Fund engage in quarterly monitoring of custodian performance. | 4 | 1 | 4 | G |

| Risk No | Risk | Gross Impact | Gross Likelihood | Gross Total | RAG | Controls | Residual Impact | Residual Likelihood | Residual Total | RAG |
|---------|--|--------------|------------------|-------------|-----|---|-----------------|---------------------|----------------|-----|
| 16. | Pension Fund systems and data may not be secure and appropriately maintained | 4 | 2 | 8 | A | <ul style="list-style-type: none"> System user controls are in place including regular password changes. Access rights are controlled and data is backed up. Audit trails are in place. Pension system is protected against viruses and other system threats. The pensions administration system is updated to ensure LGPS requirements are met by adhering to legislation, meeting disclosure regulations and following statutory guidance. Hosted pensions server and backup server are at separate sites. Disaster recovery plans are in place for both the administration system software supplier and the authority. Compulsory annual online training for Officers on Cyber resilience and Data Protection. Data asset mapping is being undertaken (and will be continually reviewed) to understand risks during data transfer and whilst data is held by third parties. Continually keeping up to date with evolving developments to ensure robust cyber resilience in conjunction with specialist advice, including the resilience when using laptops and non-corporate Wi-Fi networks. | 4 | 1 | 4 | G |

| Risk No | Risk | Gross Impact | Gross Likelihood | Gross Total | R A G | Controls | Residual Impact | Residual Likelihood | Residual Total | R A G |
|---------|--|--------------|------------------|-------------|-------|---|-----------------|---------------------|----------------|-------|
| 17. | Failure to administer the scheme in line with regulations and guidance. | 5 | 2 | 10 | A | <ul style="list-style-type: none"> • Policies and strategies are in place and are accessible on the Fund website. • Policies and strategies are subject to review at appropriate intervals and subject to stakeholder consultation where necessary. • A Training Strategy is in place for those charged with governance. • Officers attend regional Pension Officer working groups and consult with professional advisors where appropriate. • Employers are aware of their responsibilities within the Fund and what information is required, in what format and by when. • The Fund subscribes to relevant professional bodies such as the Local Authority Pension Funds Forum (LAPFF) and the Pension and Lifetime Savings Association (PLSA). • Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams. | 4 | 1 | 4 | G |
| 18. | Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making. | 3 | 2 | 6 | G | <ul style="list-style-type: none"> • Committee and Board papers are provided for each scheduled meeting, providing relevant information to inform decision making. • Papers are subject to appropriate approvals including that of the Monitoring Officer and Section 151 Officer (for Pensions Committee papers) and Head of Pensions. • Yearly effectiveness reviews for Committee and Board members are carried out to identify if any changes need to be made to the information delivered. | 2 | 2 | 4 | G |

| Risk No | Risk | Gross Impact | Gross Likelihood | Gross Total | R A G | Controls | Residual Impact | Residual Likelihood | Residual Total | R A G |
|---------|---|--------------|------------------|-------------|-------|---|-----------------|---------------------|----------------|-------|
| 19. | Pension Fund Investments may not be accurately valued. | 3 | 2 | 6 | G | <ul style="list-style-type: none"> The Fund employs a custodian to independently review the fund asset values applied by Fund Managers and these valuations are applied in the year-end financial statements. The year-end financial statements record the Funds asset position and is subject to robust review by external audit. Officers work closely with the Fund's Custodian to ensure accuracy of asset valuations. | 2 | 2 | 4 | G |
| 20. | Actual experience materially differs from actuarial assumptions used at each valuation. | 3 | 3 | 9 | A | <ul style="list-style-type: none"> Assumptions and actual experience are analysed through triennial valuations to ensure assumptions remain appropriate. Officers in partnership with Fund advisers report asset allocation performance quarterly to the Investment Sub Committee. Investment performance is reported monthly to the Fund Actuary. A specialist longevity service is employed to provide accurate Fund specific longevity analysis. Probability based/stochastic modelling techniques are used by the Fund Actuary to reduce the reliance on deterministic assumptions, ensuring numerous possible financial scenarios are modelled. | 2 | 2 | 4 | G |

| Risk No | Risk | Gross Impact | Gross Likelihood | Gross Total | R A G | Controls | Residual Impact | Residual Likelihood | Residual Total | R A G |
|---------|---|--------------|------------------|-------------|-------|---|-----------------|---------------------|----------------|-------|
| 21. | Failure to act appropriately upon expert advice and/or risk of poor advice. | 4 | 2 | 8 | A | <ul style="list-style-type: none"> Pension Committee decisions and oversight by the Local Pension Board. Investment consultants and independent advisors appointed via a robust appointment process. Members are encouraged to participate in Skills & Knowledge training and attend relevant industry conferences. Detailed training records are maintained. Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams. Continually keeping up to date with evolving developments ensure robust cyber resilience in conjunction with specialist advice. | 2 | 2 | 4 | G |
| 22. | Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met in conjunction with the Fund Actuary/specialist advisors. | 3 | 3 | 9 | A | <ul style="list-style-type: none"> Assessment of the strength of individual employer covenants in conjunction with the actuary and what bond/guarantor arrangements are in place. Close liaison with employers in managing exit strategy in line with the Admitted bodies, Scheme employers and Transfer Policy. Ensure individual employers are monitored closely to pre-empt when they are likely to cease and put in arrangements to fund cessation on an appropriate basis. | 2 | 2 | 4 | G |

| Risk No | Risk | Gross Impact | Gross Likelihood | Gross Total | R A G | Controls | Residual Impact | Residual Likelihood | Residual Total | R A G |
|---------|---|--------------|------------------|-------------|-------|--|-----------------|---------------------|----------------|-------|
| 23. | Unable to deliver pension services due to an inadequate business continuity plan. | 3 | 2 | 6 | G | <ul style="list-style-type: none"> • Business Continuity plan in place and is reviewed at least annually. • Business continuity arrangements includes the ability for staff to work remotely to meet the demands of the service. • Multi skilling across the service for flexibility and resilience. | 2 | 2 | 4 | G |
| 24. | Unable to deliver pension services due to inadequate recruitment and retention processes. | 3 | 3 | 9 | G | <ul style="list-style-type: none"> • Establishment reporting undertaken monthly to identify any recruitment/retention issues. • Recruitment undertaken utilising all available avenues including agency staff. • Staff leaving interviewed to understand reason for cessation. • Regular performance reporting across all business processes serves as early warning system. • Consultancy contracts in place as a backstop. • Utilising additional recruitment avenues. | 2 | 3 | 6 | G |

| Risk No | Risk | Gross Impact | Gross Likelihood | Gross Total | R A G | Controls | Residual Impact | Residual Likelihood | Residual Total | R A G |
|---------|---|--------------|------------------|-------------|-------|--|-----------------|---------------------|----------------|-------|
| 25. | Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided. | 3 | 2 | 6 | G | <ul style="list-style-type: none"> The Fund is compliant with Investment regulations and best practice guidance. The Fund appoints professional investment advisers to support the Pension Committees investment decisions. The Funds asset allocation is considered by the Actuary when undertaking the triennial valuation. Investment performance is closely monitored, in particular the Investment Sub Committee receives quarterly performance reports provided by recognised industry professionals highlighting key issues. The Fund has an appropriate Investment Strategy Statement in place which also addresses Environmental, Social and Governance (ESG) issues. | 3 | 1 | 3 | G |
| 26. | Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage. | 3 | 2 | 6 | G | <ul style="list-style-type: none"> Automated extraction of data where viable and agreed procedures for reporting. Robust authorisation protocols in place. Internal and External audit reviews. Contributions are reconciled against employer monthly reports and the bank account, which is subject to both internal and external audit review as part of the year end process. Membership year end reconciliation and investigate variations from the accounting valuations. Management and administration are maintained in accordance with the SORP and the Financial Regulations. Data Improvement Policy and Plan are in place. Anti-Fraud and Corruption Policy in place. | 3 | 1 | 3 | G |

| Risk No | Risk | Gross Impact | Gross Likelihood | Gross Total | R A G | • Controls | Residual Impact | Residual Likelihood | Residual Total | R A G |
|---------|---|--------------|------------------|-------------|-------|--|-----------------|---------------------|----------------|-------|
| 27 | Pension Fund objectives are not defined and agreed. | 4 | 2 | 8 | A | <ul style="list-style-type: none"> Objectives are agreed as part of the Annual Business Plan and Medium Term Strategy by the Pensions Committee. Relevant objectives are referenced on every committee report. Objectives are referenced in all policy documents and the risk register to ensure appropriate focus. | 2 | 1 | 2 | G |

Criteria for assessing impact and likelihood

Impact

| Description | Risk Appetite |
|-------------------|--|
| Catastrophic (5) | <ul style="list-style-type: none"> Unacceptable level of risk exposure which requires immediate action to be taken. >£10m. Section 151 or government intervention or criminal charges. Critical long term disruption to service delivery. Significant and sustained local opposition to policies and/or sustained negative media reporting in national media. |
| Major (4) | <ul style="list-style-type: none"> Unacceptable level of risk exposure which requires regular active monitoring (at least quarterly) and measures put in place to reduce exposure. <£10m. Major civil litigation setting precedent and/or national public enquiry. Major disruption to service delivery. Sustained negative coverage in local media or negative reporting in the national media. |
| Moderate (3) | <ul style="list-style-type: none"> Acceptable level of risk exposure subject to regular active monitoring measures, at least quarterly. >£5m. Major civil litigation and/or public enquiry. Moderate direct effect on service delivery. Significant negative front page reports/editorial comment in the local media. |
| Minor (2) | <ul style="list-style-type: none"> Acceptable level of risk exposure subject to regular passive monitoring measures, at least half yearly. >£1m. Minor regulatory enforcement. Minor disruption to service delivery. Minimal negative local media reporting. |
| Insignificant (1) | <ul style="list-style-type: none"> Acceptable level of risk exposure subject to periodic passive monitoring measures, at least annually. >£0.5m. Minor civil litigation or regulatory criticism. Insignificant disruption to service delivery. No reputational impact. |

Likelihood

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

Cambridgeshire Pension Fund

Pension Fund Committee

13 December 2021

Report by: Head of Pensions

Subject: Governance and Compliance Report

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

1. Ministry of Housing, Communities and Local Government
2. The Pensions Regulator – new code of practice
3. Skills and knowledge opportunities.

Recommendations That the Pension Fund Committee notes the content of the report.

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

1. Background

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

2. Ministry of Housing, Communities and Local Government (MHCLG)

- 2.1 On 19 September 2021, the Government announced that the MHCLG will become the Department for Levelling Up, Housing and Communities (DLUHC).

3. The Pensions Regulator – new code of practice

- 3.1 On 17 March 2021 the Pensions Regulator (TPR) launched a consultation on its new code of practice which closed on 26 May 2021. The code of practice sets out how the Pensions Regulator expects trustees (in the case of the LGPS Pension Committee, Board Members, Section 151 Officers and administrators) to administer, govern and manage their respective pension schemes.
- 3.2 The draft new code consolidates (with updates and amendments) most of the existing 15 codes of practice including the public service code of practice 14 into a new online code providing a single up-to-date and consistent source of information. The other codes will be consolidated into the single code at a later date, subject to further consultation.

3.3 The new code of practice was expected to come into force in November 2021. However, due to the number of responses the Pensions Regulator has received to the consultation it is now expected that the code of practice will come into force in Spring/Summer 2022.

3.4 The Fund will have six months in order to become compliant with the code of practice from when it comes into force. An action plan will be produced to ensure compliance is achieved in that timescale.

4. Skills and knowledge opportunities – training events

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

4.2 In order to facilitate the acquisition of skills and knowledge for members of Pension Fund Committee, appendix A lists the main events that are deemed useful and appropriate.

4.3 It was recognised that recent local elections have resulted in a significant change to the membership of the Pension Fund Committee and so an introductory training session was held on 21 June 2021 covering at a high level the knowledge requirements of being a Pension Fund Committee and Pension Fund Board member hosted by the advisers from the Fund's benefits and governance advisors, Aon and legal advisors, Squire Patton Boggs.

4.4 A series of more in-depth training sessions to cover the CIPFA Skills and Knowledge core modules (see appendix 1), again hosted by Aon, began on 1 July 2021 and concluded in September 2021.

4.5 Web links to all of the recordings of all these training sessions has been made available to all members of the Local Pension Board and Committee so that any missed sessions can be watched at a later date. Whilst the web links will remain live until 31 March 2022, it is hoped that all Board and Committee members will view all training sessions by the 31 December 2021 to ensure there is sufficient individual knowledge to be able to scrutinise and challenge decisions made by the Pension Fund Committee at forthcoming meetings.

5. 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 that 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.

6. Risk Management

6.1 The Pension Fund Committee are required to have the appropriate skills and knowledge to effectively carry out their duties. This report ensures that the Pension Fund Committee is up to date with:

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

6.2 The risks associated with the Pension Fund Committee not having the required level of knowledge and understanding have been captured in the Fund's risk register as detailed below.

Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively. (Green residual risk rating)

Failure to administer the scheme in line with regulations and guidance. (Green residual risk rating).

Failure to provide relevant information to the Pension Fund Committee to enable informed decision making. (Green residual risk rating).

6.3 The Fund's risk register can be found on the Fund's website at the following link:

[Cambridgeshire Risk Register](#)

7. Finance & Resources Implications

7.1 There are no financial or resource implications connected to the contents of this report is for information only.

8. Communication Implications

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

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

9. Legal Implications

9.1 Not applicable

10. Consultation with Key Advisers

10.1 Not applicable

11. Alternative Options Considered

11.1 There are no alternative options to be considered.

12. Background Papers

12.1 Not applicable.

13. Appendices

13.1 Appendix 1 – Schedule of virtual training events.

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 01/12/2021

Has this report been cleared by Head of Pensions? Mark Whitby – 17/11/2021

Has the Chair of the Pension Fund Committee been consulted? Councillor Whelan –

01/12/2021

Has this report been cleared by Legal Services? Fiona McMillan – 19/11/2021

Appendix 1

The below training modules have been delivered as part of the CIPFA Core Competency Framework and members are encouraged to watch the recorded sessions if any of the live sessions have been missed by **31 December 2021**.

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

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

Upcoming external training events

| Date | Event Description | Audience |
|------------------------------|---|---|
| 8-10 December 2021 | LAPFF Annual Conference Bournemouth LAPFF Annual Conference LAPFF (lapffforum.org) | Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers |
| 20-21 January 2022 | LGPS Governance Conference Face to Face in Bournemouth or online flyer_final.pdf (eventsforce.net) | Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers |
| February 2022 (Dates TBC) | In-house/Hymans Robertson Triennial Valuation Training Details to be confirmed | Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers |
| 13-15 June 2022 | PLSA Local Authority Conference 2022 Gloucestershire Local Authority Conference (plsa.co.uk) | Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers |

Cambridgeshire Pension Fund

Pension Fund Committee

13 December 2021

Report by: Head of Pensions

| | |
|-----------------------|---|
| Subject | Cambridgeshire Pension Fund Training Strategy Review |
| Purpose of the Report | To present the Cambridgeshire Pension Fund Training Strategy Review to the Committee |
| Recommendations | The Pension Fund Committee are asked to approve the Cambridgeshire Pension Fund Training Strategy |
| Enquiries to: | Michelle Oakensen, Governance Officer michelle.oakensen@westnorthants.gov.uk |

1. Background

- 1.1 The Training Strategy is required to assist the Pension Fund Committee, Pension Fund Board and senior officers of the Cambridgeshire Pension Fund to ensure the Fund is managed and assisted by individuals who have the appropriate level of knowledge and skills as required by the Pensions Act 2004 and as enforced by the Pensions Regulator.
- 1.2 The Training Strategy was originally approved and published in December 2016 and reviewed in December 2018. Due to forthcoming changes as a result of the Scheme Advisory Board's (SAB) good governance review and a change in methodology of ensuring individuals undertake core elements of training it has been appropriate for officers to review the Strategy and make revisions where necessary.

2. Proposed revisions to the Strategy

- 2.1 As a result of the review the following revisions have been incorporated into the revised strategy which can be found in appendix 2.
 - The strategy now includes training requirements for senior officers including Section 151 Officers in anticipation of the requirements proposed by the good governance review
 - References in the strategy have been updated in accordance with the revised CIPFA Skills and Knowledge Framework and expectations resulting from the Good Governance Review.
 - The strategy has been updated to reference the use of virtual training sessions that can be undertaken in real time and via catch-up facilities and the credit methodology has been replaced with ensuring a broad range of appropriate training is undertaken that covers the entire CIPFA Skills and Knowledge Framework.

- 2.3 The strategy will be reviewed again once the Scheme Advisory Board and the Department for Levelling Up, Housing and Communities have published final guidance as a result of the Good Governance Review and also when the Pensions Regulator new singular Code of Practice comes into force.

3. Pension Fund Board review

- 3.1 The Pension Fund Board reviewed the proposed Strategy on 5 November 2021 and made no further recommendations.

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.

5. Risk Management

- 5.1 An appropriate training strategy that effectively facilitates the accrual of skills and knowledge on an individual Pension Fund Committee and Pension Fund Board member basis mitigates the following risks that have been identified and recorded on the Fund's risk register:

| Risk | Residual risk rating |
|--|----------------------|
| 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 |

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

6. Communication Implications

[Direct communications](#) The Training Strategy will be published on the Fund website.

7. Finance & Resources Implications

- 7.1 The cost of training will be met by the Fund and recorded against the governance expenditure in the annual accounts.

8. Legal Implications

- 8.1 Failing to comply with changes to statutory guidance as detailed in section 2.3 of this report would be considered a breach of the law.

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 The Cambridgeshire Pension Fund Risk Strategy - [Key documents \(CCC\) - Cambridgeshire and Northamptonshire LGPS](#)

12. Appendices

- 12.1 Appendix 1 - Cambridgeshire Pension Fund Training Strategy – clean version
Appendix 2- Cambridgeshire Pension Fund Training Strategy – tracked version

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 01/12/2021

Has this report been cleared by Head of Pensions? Mark Whitby – 18/11/2021

Has the Chair of the Pension Fund Committee been consulted? Councillor Whelan – 01/12/2021

Has this report been cleared by Legal Services? Fiona McMillan – 19/11/2021

Training Strategy

2021



Administered in partnership

Introduction

Fund objectives

Effective date

Review

CIPFA's Code of Practice on Public Sector Pensions Finance, Knowledge and Skills
(the "Code of Practice")

CIPFA Knowledge and Skills Framework

CIPFA Technical Knowledge and Skills Framework

Scheme Advisory Board – Good Governance Review

The Pensions Regulator's E Learning Toolkit

Markets in Financial Instruments Directive II (MIFOD II)

Meeting the Business Plan

Delivery of training

How training will be monitored

Measurement

Maintaining knowledge

Risk management

Reporting

Costs



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1. Introduction

- 1.1 This is the Training Strategy for the Cambridgeshire Pension Fund.
- 1.2 The Training Strategy is established to aid members of the Pensions Committee and Local Pension Board as well as Fund Officers and the Section 151 Officer in performing and developing in their roles and to equip them with the necessary skills and knowledge to act effectively in line with their responsibilities. Local Government Pension Scheme (LGPS) Funds are expected to follow the CIPFA Knowledge and Skills Framework.
- 1.3 The objective of CIPFA's Knowledge and Skills Framework is to determine and set out the knowledge and skills sufficient to enable the effective analysis and challenge of decisions made by Officers and advisers to the Fund.
- 1.4 This Training Strategy takes into consideration the requirements of the pending Scheme Advisory Board Good Governance Review, the Pensions Regulator's Code of Practice and the Markets in Financial Instruments Directive (MiFID II) in addition to the requirements of the CIPFA Knowledge and Skills Framework requirements to ensure it encompasses best practice.

2. Fund Objectives

- 2.1 The Cambridgeshire Pension Fund objectives relating to knowledge and skills are to:
- 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; and
 - 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.

3. Effective date

- 3.1 The 2018 Strategy was approved by the Pension Fund Committee on 13 December 2018. This revised Strategy was subsequently approved by the Pension Fund Committee on xx

4. Review

- 4.1 This Strategy will be reviewed following the issuance of the new singular code of practice and following revised guidance resulting from the good governance review. Following that the Strategy is expected to be appropriate for the long-term but it will be reviewed every 2 years, and if necessary, more frequently to ensure it remains accurate and relevant.



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5. CIPFA's Code of Practice on Public Sector Pensions Finance, Knowledge and Skills (the "Code of Practice")

5.1 CIPFA's Code of Practice, was first issued in 2013, and embeds the requirements for the adequacy, acquisition, retention and maintenance of appropriate knowledge and skills required. It recommends (amongst other things) that LGPS administering authorities:

- formally adopt the CIPFA Knowledge and Skills Framework in its knowledge and skills statement;
- ensure the appropriate policies and procedures are put in place to meet the requirements of the Framework (or an alternative training programme); and
- publicly report how these arrangements have been put into practice each year.

5.2 The Code of Practice has been updated in 2021 and provides an overview of the standards that all CIPFA members must adhere to when administering and managing pension funds and benefits on behalf of employee's and scheme members. The code includes focus on the increasing need for knowledge and skills and ongoing maintenance of this knowledge.

6. CIPFA Knowledge and Skills Framework

6.1 In July 2021, CIPFA published its revised Knowledge and Skills Framework aimed at Pension Committee and Board members as well as senior officers. The contents of the framework have been updated with transparency in mind with particular emphasis on decision makers.

6.2 The principles of the guide include the need for formal objectives, policies, practices and strategies concerning knowledge and skills of those responsible for the fund. Administering authorities must maintain effective, ongoing maintenance and development of knowledge, addressing gaps where required and increasing skills as appropriate.

6.3 The Knowledge and Skills Framework accompanies the updated Code of Practice on LGPS Knowledge and Skills.

6.4 Aon, the fund's Governance Advisors have developed training that covers the following core CIPFA requirements:

- Pensions legislation and guidance and national guidance;
- Local governance and pensions procurement, contract management and relationship matters;
- Funding Strategy and actuarial methods, and financial, accounting and audit matters;



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- Investments – Strategy, asset allocation, pooling performance and risk management;
- Investments – Financial markets and products;
- Pensions Administration and Communications.

7. The Scheme Advisory Board – Good Governance Review

7.1 Proposals as a result of the good governance review The Scheme Advisory Board has emphasised the need for increased governance around the management of skills and knowledge. The review has highlighted expectations for funds to proposed the following actions:

- To introduce a requirement in the Statutory Guidance to be issued by the Department for Levelling Up Housing and Communities (DLUHC) that for key individuals within the LGPS, including LGPS officers and pensions committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively;
- To introduce a requirement for s151 officers to carry out LGPS relevant training as part of CPD requirements to ensure good levels of knowledge and understanding;
- For Administering Authorities to publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements;
- For CIPFA and other relevant professional bodies to be asked to produce appropriate guidance and training modules for s151 officers and to consider including LGPS training within their training qualification syllabus.

8. The Pensions Regulator's E-learning toolkit

8.1 The Regulator has an on line tool designed to help those running public service schemes to understand the governance and administration requirements in the public service schemes Code of Practice. The toolkit is an easy to use resource and covers 7 compulsory short modules. These are:

- Conflicts of Interests;
- Managing Risk and Internal Controls;
- Maintaining Accurate Member Data;
- Maintaining Member Contributions;
- Providing Information to Members and Others;
- Resolving Internal Disputes;
- Reporting Breaches of the Law.

In addition, a module on Pension Scams is available as an optional component. Although optional on the tool, it is the intention that Committee and Board members complete this module as it is deemed a fundamental part of the training programme.



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- 8.2 These modules are designed to apply to all public service schemes and are not LGPS specific.
- 8.3 Completion of the toolkit in conjunction with the CIPFA core competencies will provide Pension Committee and Local Pension Board members with a good grounding for their respective roles. Officers will issue details of these training modules as required
- 9. Markets in Financial Instruments Directive II (MIFID II)
 - 9.1 The Cambridgeshire Pension Fund need to demonstrate a high level of skills and knowledge across the Committee and Board to enable the Fund to opt-up and be recognised as a professional investor rather than a retail investor to continue to receive advice and access to investment products at a level commensurate with the types of investment required for the Fund.
 - 9.2 Failure to adequately demonstrate a high level of collective skills and knowledge across the Pension Committee and Local Pension Board could result in the loss of professional investor status and therefore access to the appropriate investment opportunities.
- 10. Meeting the deliverables in the Annual Business Plan and Medium Term Strategy
 - 10.1 There will be times in when particular training will need to be delivered in order to assist the Pension Fund Committee and Local Pension Board in their roles in connection with the key deliverables as detailed in the Annual Business Plan and Medium Term Strategy.
 - 10.2 These deliverables include, but are not limited to, activity such as the review and approval of the Funding Strategy Statement as part of the triennial Actuarial Valuation and Responsible Investing as part of the Investment Strategy Statement. Specific training in relation to these matters will be delivered at the appropriate times to ensure effective decisions are made.

11. Delivery of training

11.1 The Cambridgeshire Pension Fund's Governance Advisors provides core training in the following areas. It is expected that all Committee and Board members and senior LGPS officers undertake the training as listed below:

- Introduction to the LGPS;
- Governance and Fiduciary Duty;
- Pensions Legislation and guidance and national guidance;
- Local governance and pensions procurement, contract management and relationship matters;
- Funding Strategy and actuarial methods, and financial, accounting and audit matters;
- Investments – Strategy, asset allocation, pooling performance and risk management;
- Investments – Financial markets and products.

11.2 The completion of the Pensions Regulator e-learning programme is also a compulsory requirement of the Training Strategy.

11.3 Officers will ensure that refresher training is offered to all Committee and Board members at regular intervals.

11.4 In addition to the compulsory training above, the following training is also encouraged -

- In-house and shared training events with Northamptonshire Pension Fund where it improves economy, efficiency and effectiveness
- Self-improvement and familiarisation with regulations and documents
- Attending relevant courses, seminars and external events
- Internally developed training days and pre/post meeting sessions
- Shared training with other Funds or Asset Pools
- Regular updates from officers and/or advisers
- Circulated reading material

12. How training will be monitored

12.1 Details of Pension Fund Committee and Board member training that is undertaken will be recorded and provided to the Chair on an annual basis. Any individual member that has not completed the core training will be encouraged to do so. The Chair will have discretion regarding appropriate action if an individual member does not undertake the minimum requirements.



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13. Measurement

13.1 In order to identify whether the objectives of this Strategy are being met, officers will:

- 1) Monitor the attendance of training on a regular basis;
- 2) Ensure the introductory training is offered shortly after appointment and promote it being undertaken promptly;
- 3) Actively encourage individual's Committee and Board members to complete core training within 6 months of appointment;
- 4) Monitor the attendance at meetings where training items are being delivered;
- 5) Manage areas where individuals feel additional support is required.

14. Maintaining knowledge

- 14.1 In addition to undertaking ongoing training on the CIPFA skills and knowledge requirements, Committee and Board members are expected to maintain their knowledge of ongoing development through attendance at internal/external events and seminars where appropriate.
- 14.2 Appropriate attendance at events for representatives of the Pension Fund Board and Pension Fund Committee will be determined by Officers of the Fund.
- 14.3 Owing to the changing world of pensions, it will also be necessary to have ad hoc training on emerging issues or on a specific subject on which a decision it to be made in the near future.

15. Risk Management

15.1 The risks associated with the delivery of a successful training Strategy is as follows:

| Risk | Mitigation |
|---|--|
| Frequent changes in membership of the Pension Fund Committee or Pension Board | Training Strategy in operation and reviewed regularly, core training to be undertaken within 6 months of appointment with supplementary training undertaken when available. |
| Poor individual commitment | Attendance and training is monitored by officers of the Fund and the Chairman/Chairwoman of the Committee/Board. Attendance is reported in the Fund's Annual Report and Statement of Accounts and the Committee and Board Reports are presented to Full Council Both lack of attendance and lack of training is addressed with the individual when deemed appropriate. |

| Risk | Mitigation |
|-------------------------------|--|
| Resources not being available | Additional training opportunities will be highlighted to the Committee and Board via the Governance and Compliance Report. |
| Poor standards of training | Where appropriate external advisors who are experts in their field deliver training to cover the CIPFA skills and knowledge framework. Other in house training is delivered by officers with specific knowledge in a particular area. External courses are vetted to ensure they are relevant before being added to the list of courses available. Feedback is sought after events are attended. |

- 15.2 The risks will be monitored within the scope of the Training Strategy and the risk register will be amended where appropriate.

16. Reporting

- 16.1 Training events will be highlighted at every meeting as part of the Governance and Compliance Report, Committee and Board members are expected to make officers aware of any events that are of interest. Core training is expected to be taken up in the first instance as it has been specifically designed to cover the CIPFA core competencies and is therefore compulsory.
- 16.2 The Chair of the Pension Fund Committee and Local Pension Board will be provided with attendance at meetings and training undertaken by their members during the year.
- 16.2 Training undertaken by Committee and Board members will be published in the relevant annual reports.

17. Costs

- 17.1 All training costs relating to this Training Strategy are met by Cambridgeshire Pension Fund.

~~Cambridgeshire Pension Fund~~

Training Strategy

2021~~18~~

| | |
|---|--------------|
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| Fund objectives Strategy | 1 |
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| Effective date | 3 |
| Review | 3 |
| CIPFA's Code of Practice on Public Sector Pensions Finance, Knowledge and Skills (the "Code of Practice") | 3 |
| CIPFA Knowledge and Skills Framework — Pension Fund Committee | 3 |
| CIPFA Technical Knowledge and Skills Framework — Local Pension Boards | 4 |
| Guidance from the Scheme Advisory Board <u>– Good Governance Review</u> | 5 |
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| Markets in Financial Instruments Directive II (MIFOD II) | 6 |
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Costs

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Administered in partnership

1. Introduction

- 1.1 This is the ~~T~~training ~~S~~strategy for the Cambridgeshire Pension Fund.
- 1.2 The ~~T~~training ~~S~~strategy is established to aid members of the Pensions Committee and Local Pension Board as well as Fund Officers and the Section 151 Officer the Pension Fund Committee and Local Pension Board members in performing and developing ~~personally~~ in their ~~individual~~ roles and to equip them with the necessary skills and knowledge to act effectively in line with their responsibilities. Local Government Pension Scheme (LGPS) Funds are expected to follow the CIPFA-A Code of Practice and a Knowledge and Skills Framework. ~~have been developed by CIPFA which Local Government Pension Scheme (LGPS) funds are expected to sign up to.~~
- 1.3 The objective of ~~the~~ CIPFA's Knowledge and Skills Framework is to determine and set out the knowledge and skills sufficient to enable the effective analysis and challenge of decisions made by Oofficers and advisers to the ~~Pension Fund Committee.~~
- 1.4 This Training Strategy takes into consideration the requirements of the pending Scheme Advisory Board Good Governance Review, the Pensions Regulator's Code of Practice and the Markets in Financial Instruments Directive (MiFID II) in addition to the requirements of the CIPFA Knowledge and Skills Framework requirements to ensure it encompasses best practice.
- ~~CIPFA subsequently extended the framework to cover the training and development of Local Pension Board members. The objective is to improve knowledge and skills in all the relevant areas of activity of a Local Pension Board and assist Local Pension Board members in achieving the degree of knowledge appropriate for the purposes of enabling members to properly exercise their functions.~~
- ~~1.4 The Public Service Pensions Act 2013 has also amended The Pensions Act 2004 requiring the Pensions Regulator to issue a Code of Practice relating to the requirements of the knowledge and understanding of Local Pension Boards.~~
- ~~1.5 Guidance covering the knowledge and understanding of Local Pension Boards in the LGPS was also issued by the Scheme Advisory Board (SAB) in January 2015. Although this has not been designated as statutory guidance it should be acknowledged as best practice.~~
- ~~1.6 Knowledge and understanding of officers of the Fund will be monitored through the annual appraisal and monthly supervision meetings to ensure competency within specific job roles. For some roles the training delivered to Pension Fund Committee members and Local Pension Board members will be relevant to officers.~~



Administered in partnership

2. FundStrategy Objectives

2.1 The Cambridgeshire Pension Fund objectives relating to knowledge and skills are to:

- 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; and
- 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.

• ~~Ensure the Cambridgeshire Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise;~~

- ~~Ensure the Cambridgeshire Pension Fund is effectively governed and administered; and~~

~~Ensure decisions are robust, are well founded and comply with regulatory requirements or guidance from the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for the Ministry of Housing Communities and Local Government.~~

~~Pension Fund Committee members require an understanding of:~~

~~Their responsibilities as delegated to them by Cambridgeshire County Council as an administering authority of an LGPS fund;~~

~~The fundamental requirements relating to pension fund investments;~~

~~The operation and administration of the Cambridgeshire Pension Fund;~~

~~Controlling and monitoring the funding level; and~~

~~Effective decisions in the management of the Cambridgeshire Pension Fund.~~

2.3 ~~Local Pension Board members must be conversant with—~~

~~The relevant LGPS Regulations and any other regulations governing the LGPS;~~

~~Any document recording policy about the administration of the Cambridgeshire Pension Fund;~~

~~and have knowledge and understanding of:~~



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~~The law relating to pensions; and~~

- ~~• Such other matters as may be prescribed.~~

~~2.4 In addition to the Pension Fund Committee and Local Pension Board members, all those responsible for the management and administration of the LGPS will:~~

- ~~• receive appropriate training to fill any knowledge gaps identified; and~~
- ~~• seek to maintain their knowledge.~~

~~3. How the strategy meets Cambridgeshire Pension Fund Objectives~~

~~3.1 The strategy meets the following objectives of the Cambridgeshire Pension Fund as set out in the Business Plan and Medium Term Strategy—~~

- ~~• Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance;~~
- ~~• Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers;~~
- ~~• 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;~~
 - ~~• Continually monitor and measure clearly articulated objectives through business planning; and~~
 - ~~• Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate~~

4.3. Effective date

~~34.1 This strategy was taken to the Local Pension Board for comment on 18 October 2018 and was subsequently approved by the Pension Fund Committee on 13 December 2018. The 2018 Strategy was approved by the Pension Fund Committee on 13 December 2018. This revised Strategy was subsequently approved by the Pension Fund Committee on xx~~



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5. Review

4.1 ~~5.1~~ This Strategy will be reviewed following the issuance of the new singular code of practice and following revised guidance resulting from the good governance review. Following that the Strategy is expected to be appropriate for the long-term but it will be reviewed every 2 years, and if necessary, more frequently to ensure it remains accurate and relevant. ~~This strategy is expected to be appropriate for the long term but it will be reviewed every 2 years, and if necessary, more frequently to ensure it remains accurate and relevant.~~

6.5. CIPFA's Code of Practice on Public Sector Pensions Finance, Knowledge and Skills (the "Code of Practice")

56.1 CIPFA's Code of Practice, was first issued in 2013, and embededs the requirements for the adequacy, acquisition, retention and maintenance of appropriate knowledge and skills required. It recommends (amongst other things) that LGPS administering authorities:

- formally adopt the CIPFA Knowledge and Skills Framework in its knowledge and skills statement;
-
- ensure the appropriate policies and procedures are put in place to meet the requirements of the Framework (or an alternative training programme); and
-
- publicly report how these arrangements have been put into practice each year.

56.2 The Code of Practice has been updated in 2021 and provides an overview of the standards that all CIPFA members must adhere to when administering and managing pension funds and benefits on behalf of employee's and scheme members. The code includes focus on the increasing need for knowledge and skills and ongoing maintenance of this knowledge. The Cambridgeshire Pension Fund fully supports the intentions behind CIPFA's Code of Practice and has agreed to formally adopt its principles. This training strategy formally sets out the arrangements the Cambridgeshire Pension Fund will take in order to comply with the principles of the Code of Practice.

7.6. CIPFA Knowledge and Skills Framework —~~Pension Fund Committees~~



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6.1 In July 2021, CIPFA published its revised Knowledge and Skills Framework aimed at Pension Committee and Board members as well as senior officers. The contents of the framework have been updated with transparency in mind with particular emphasis on decision makers.

6.2 The principles of the guide include the need for formal objectives, policies, practices and strategies concerning knowledge and skills of those responsible for the fund. Administering authorities must maintain effective, ongoing maintenance and development of knowledge, addressing gaps where required and increasing skills as appropriate.

6.3 The Knowledge and Skills Framework accompanies the updated Code of Practice on LGPS Knowledge and Skills.

6.4 Aon, the fund's Governance Advisors have developed training that covers the following core CIPFA requirements:

- Pensions legislation and guidance and national guidance;
- Local governance and pensions procurement, contract management and relationship matters;
- Funding Strategy and actuarial methods, and financial, accounting and audit matters;
- Investments – Strategy, asset allocation, pooling performance and risk management;
- Investments – Financial markets and products;
- Pensions Administration and Communications.

~~7.1 In January 2010 CIPFA launched technical guidance for Elected Representatives on s101 Pension Committees and non-executives in the public sector within a knowledge and skills framework. The framework covers six areas of knowledge identified as the core requirements:~~

~~Pensions legislative and governance context;~~

~~Pension accounting and auditing standards;~~

- ~~• Financial services procurement and relationship development;~~
- ~~• Investment performance and risk management;~~
- ~~• Financial markets and products knowledge; and~~
- ~~• Actuarial methods, standards and practice.~~

- ~~7.2 The Knowledge and Skills Framework sets the skills required for those responsible for pension scheme financial management and decision making under each of the above areas in relation to understanding and awareness of regulations, workings and risk in managing LGPS funds.~~
- ~~7.3 Although the CIPFA Knowledge and Skills Framework complements the Code of Practice that should be adopted by administering authorities there is no legal requirement for knowledge and understanding for members of an s101 Pension Committee. However the view of the Cambridgeshire Pension Fund is that members of the Pension Fund Committee should have no less a degree of knowledge and skills than those required in legislation by the Local Pension Board.~~

~~8. CIPFA Technical Knowledge and Skills Framework – Local Pension Boards~~

~~8.1 In August 2015 CIPFA extended the Knowledge and Skills Framework to specifically include members of Local Pension Boards, albeit there exists an overlap with the original Framework. The Framework identifies the following areas as being key to the understanding of local pension board members;~~

~~Pensions Legislation;~~

~~Public Sector Pensions Governance;~~

~~Pensions Administration;~~

~~Pensions Accounting and Auditing Standards;~~

~~Pensions Services Procurement and Relationship Management;~~

~~Investment Performance and Risk Management;~~

~~Financial markets and product knowledge;~~

~~Actuarial methods, standards and practices.~~

~~8.2 The role of the Local Pension Board is to assist the Scheme Manager i.e. the administering authority. To fulfil this role, Local Pension Board members should have sufficient knowledge and understanding to challenge failure to comply with regulations, any other legislation or professional advice relating to the governance and administration of the LGPS and/or statutory guidance or Codes of Practice.~~



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~~8.3—Local Pension Board members should understand the regulatory structure of the LGPS and the documentary recording of policies around the administration of the Cambridgeshire Pension Fund in enough detail to know where they are relevant and where it will apply.~~

~~8.4—Local Pension Board members should commit sufficient time in their learning and development and be aware of their responsibilities immediately they take up their position. The Cambridgeshire Pension Fund will therefore provide induction information for all new Board members.~~

~~8.5—For the purpose of delivering the CIPFA Skills and Knowledge Framework the six modules of the Pension Fund Committee framework will be adopted.~~

~~8.7.~~ Guidance from the Scheme Advisory Board – Good Governance Review

~~79.1~~ Proposals as a result of the good governance review The Scheme Advisory Board has emphasised the need for increased governance around the management of skills and knowledge. The review has highlighted expectations for funds to proposed the following actions:

- ~~• To introduce a requirement in the Statutory Guidance to be issued by the Department for Levelling Up Housing and Communities (DLUHC) that for key individuals within the LGPS, including LGPS officers and pensions committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively;~~
- ~~• To introduce a requirement for s151 officers to carry out LGPS relevant training as part of CPD requirements to ensure good levels of knowledge and understanding;~~
- ~~• For Administering Authorities to publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements;~~
- ~~• For CIPFA and other relevant professional bodies to be asked to produce appropriate guidance and training modules for s151 officers and to consider including LGPS training within their training qualification syllabus.~~
- ~~• The Scheme Advisory Board has taken note of the regulatory requirements and the principles of the Pension Regulator's Code of Practice and in January 2015 published Guidance for administering authorities to support them in establishing their Local Pension Board. The Guidance includes a section designed to help Local Pension Board members to understand their knowledge and understanding obligations.~~

~~9.2—Knowledge and understanding must be considered in the light of the role of a Local Pension Board and Cambridgeshire Pension Fund will make appropriate training available to assist and support members in undertaking their role.~~



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9.8. The Pensions Regulator's E-learning toolkit

810.1 The Regulator has ~~developed~~ an on line tool designed to help those running public service schemes to understand the governance and administration requirements in the public service schemes Code of Practice. The toolkit is an easy to use resource and covers 7 compulsory short modules. These are:

- Conflicts of Interests;
•
- Managing Risk and Internal Controls;
•
- Maintaining Accurate Member Data;
•
- Maintaining Member Contributions;
•
- Providing Information to Members and Others;
•
- Resolving Internal Disputes;
•
- Reporting Breaches of the Law.

In addition, a module on Pension Scams is available as an optional component. Although optional on the tool, it is the intention that Committee and Board members complete this module as it is deemed a fundamental part of the training programme.

810.2 These modules are designed to apply to all public service schemes and are not LGPS specific. ~~The toolkit is designed specifically with Local Pension Board members in mind; however in the view of Cambridgeshire Pension Fund the material covered is of equal relevance to members of the Pension Fund Committee.~~



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~~810.3~~ Completion of the toolkit in conjunction with the CIPFA core competencies will provide Pension Committee and Local Pension Board members with a good grounding for their respective roles. Officers will issue details of these training modules as required ~~will not in itself provide Pension Fund Committee and Local Pension Board members with all the information they require to fulfil their knowledge and skills obligations. It does however provide a good grounding in some general areas and all members of both the Pension Fund Committee and Local Pension Board will be expected to complete the full 7 modules within 3 months of appointment.~~

~~11. The Pensions Regulator's 21st Century Trusteeship guidance~~

~~11.1—The Pensions Regulator has launched a programme to raise the standards of governance across all workplace pension schemes. The programme includes what arrangements need to be in place to support good decision making, as follows:~~

~~Clear roles and responsibilities and clear strategic objectives~~

~~A skilled, engaged and diverse Committee and Board led by an effective chair~~

~~Close relationships with employers, advisors and others involved in running the scheme~~

~~Sound structures and processes focused on outcomes~~

~~A robust risk management framework focused on key risks.~~

~~11.2—The Cambridgeshire Pension Fund will work to the standards set by the Pensions Regulator and demonstrate compliance on a yearly basis through a report to both Pension Committee and Local Pension Board each December.~~

912. Markets in Financial Instruments Directive II (MIFID II)

912.1 The Cambridgeshire Pension Fund need to demonstrate a high level of skills and knowledge across the Committee and Board to enable the Fund to opt-up and be recognised as a professional investor rather than a retail investor to continue to receive advice and access to investment products at a level commensurate with the types of investment required for the Fund.

912.2 Failure to adequately demonstrate a high level of collective skills and knowledge across the Pension Committee and Local Pension Board could result in the loss of professional investor status and therefore access to the appropriate investment opportunities.

~~12.3—As a result of this Directive a number of training opportunities as detailed in section 15 of this strategy have been made compulsory.~~



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103. Meeting the deliverables in the Annual Business Plan and Medium Term Strategy

103.1 There will be times in when particular training will need to be delivered in order to assist the Pension Fund Committee and Local Pension Board in their roles in connection with the key deliverables as detailed in the Annual Business Plan and Medium Term Strategy.

103.2 These deliverables include, but are not limited to, activity such as the review and approval of the Funding Strategy Statement as part of the triennial Actuarial Valuation and Responsible Investing as part of the Investment Strategy Statement. Specific training in relation to these matters ~~is activity~~ will be delivered at the appropriate times to ensure effective decisions are made.

14. Delivery of training

14.1 The Cambridgeshire Pension Fund's Governance Advisors provides core training in the following areas. It is expected that all Committee and Board members and senior LGPS officers undertake the training as listed below:

- Introduction to the LGPS;
- Governance and Fiduciary Duty;
- Pensions Legislation and guidance and national guidance;
- Local governance and pensions procurement, contract management and relationship matters;
- Funding Strategy and actuarial methods, and financial, accounting and audit matters;
- Investments – Strategy, asset allocation, pooling performance and risk management;
- Investments – Financial markets and products.

11.2 The completion of the Pensions Regulator e-learning programme is also a compulsory requirement of the Training Strategy.

11.3 Officers will ensure that refresher training is offered to all members at regular intervals.

11.4 In addition to the compulsory training above, the following training is also encouraged - Consideration will be given to various training resources available in delivering training to the Pension Fund Committee and Local Pension Board members. These may include but are not restricted to:

- In-house and shared training events with Northamptonshire Pension Fund where it improves economy, efficiency and effectiveness
- Self-improvement and familiarisation with regulations and documents
- ~~The Pension Regulator's e-learning programme~~
- Attending relevant courses, seminars and external events
- Internally developed training days and pre/post meeting sessions
- Shared training with other Funds or Asset Pools frameworks
- Regular updates from officers and/or advisers
- Circulated reading material
-

~~15. Training credits~~



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~~15.1 As a measure of training given or knowledge level, Pension Fund Committee and Local Pension Board members are desired to have a minimum level of training credits. Credits will be awarded in recognition of attendance at training event or for attendance at relevant industry events or seminars. This approach recognises that members of the Pension Fund Committee and Local Pension Board may have different learning styles, while at the same time requiring that an appropriate core level of knowledge is attained.~~

~~15.2 Members of the Pension Fund Committee and the Local Pension Board will each be expected to accumulate 18 credits over a rolling 2 year period.~~

~~15.3 Credits can be obtained in any combination but the credit level has been set at a level which will require commitment to and attendance at internal and external training events. Credits will be measured and monitored by LGSS Pensions in conjunction with the Chairman/Chairwoman of the Pension Fund Committee or Board over rolling 2-year period.~~

~~15.4 It is acknowledged that where an individual is new to the role there will be a lead-in period before the member will be expected to demonstrate the full range of knowledge and skills. New members will be encouraged to familiarise themselves with the Fund and their roles and responsibilities within 3 months of appointment~~

~~15.5 Credits will be awarded in accordance with the following guide:~~

~~•~~



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| Method of attaining credit | Number of credits awarded (valid for 2 years) |
|--|--|
| Completion of a single module of the Pensions Regulators e-learning toolkit. There are 7 modules in total— compulsory . | 1 credit per module passed. |
| Completion of a module of the CIPFA Knowledge and Skills Framework— compulsory . | 2 credits per module passed (up to a maximum of 4 credits per event). |
| Successful completion a self-assessment on the CIPFA Competencies— compulsory . | 2 credits. |
| Induction reading (within 3 months of appointment)— compulsory | 2 credits. |
| Attendance at the Pension Fund Committee or Pension Board meeting where a training item is delivered. | 0.5 credit per item. |
| Attendance at an approved conference, seminar or external training event | 2 credit for a full day's attendance 1 credit for a half day's attendance (up to a maximum of 4 credits per event). |
| All other relevant training | 1 credit—member to inform officers of training undertaken. |
| Training provided/organised by the LGSS Pensions Service | 1—4 credits as deemed appropriate by Officers dependent upon the content and length of training provided. |

15.6 A list of training events will be updated regularly and will monitored to ensure all training recommended to members remains relevant. It is recognised that a rigid training plan can frustrate knowledge attainment when too inflexible and therefore a range of learning opportunities will therefore be offered to deliver the appropriate level of detail required.

15.7 After attendance at an internal or external event, Pension Fund Committee and Local Pension Board members will be expected to provide feedback either via a relevant meeting or a feedback form which will be issued by officers covering the following points:

Their view on the value of the event and the merit, if any, of attendance;

A summary of the key learning points gained from attending the event; and



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~~Recommendations of any subject matters at the event in relation to which training would be beneficial to other Pension Fund Committee or Local Pension Board members.~~

~~126. How training will be monitored~~ records

~~126.1 Details of Pension Fund Committee and Board member training that is undertaken will be recorded and provided to the Chair on an annual basis. Any individual member that has not completed the core training will be encouraged to do so. The Chair will have discretion regarding appropriate action if an individual member does not undertake the minimum requirements. A training record will be sent to members at the end of each 6 month period to ensure members are able to keep a personal record of training undertaken and to monitor the credits they have attained.~~

~~16.2 To be effective, training must be recognised as a continual process and will be centred on 3 key points~~

~~The individual;~~

~~The general pensions environment;~~

~~Coping with change and hot topics.~~

~~137. Measurement~~

~~137.1 In order to identify whether the objectives of this Strategy are being met, officers will: we are meeting the objectives of this strategy we will:~~

- ~~1) Monitor the attendance of training on a regular basis;~~
- ~~2) Ensure the introductory training is offered shortly after appointment and promote it being undertaken promptly;~~
- ~~3) Actively encourage individual's members to complete core training within 6 months of appointment;~~
- ~~4) Monitor the attendance at meetings where training items are being delivered;~~
- ~~5) Manage areas where individuals feel additional support is required.~~

~~4) Compare and report on attendance at training based on the following—~~

~~Individual Training Needs—ensuring training on the key elements takes place for each individual at least once every 2 years.~~

~~Risk Based Training—attendance by at least 80% of the required Pension Fund Committee and Local Pension Board members at planned core training.~~

~~Induction reading/training needs analysis assessment carried out upon appointment and reviewed after 2 years to ensure all areas have been addressed.~~



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~~2) Participate in the following each year—~~

~~Carry out a review of our governance arrangements.~~

~~Manage the completion of effectiveness reviews by both Pension Fund Committee and Local Pension Board members~~

-

148. Maintaining knowledge

148.1 In addition to undertaking ongoing training on the CIPFA skills and knowledge requirements, members are expected to maintain their knowledge of ongoing development through attendance at internal/external events and seminars where appropriate.

148.2 Appropriate attendance at events for representatives of the Pension Fund Board and Pension Fund Committee will be determined by Officers of the Fund.

148.3 Owing to the changing world of pensions, it will also be necessary to have ad hoc training on emerging issues or on a specific subject on which a decision it to be made in the near future.

159. Risk Management

159.1 The risks associated with the delivery of a successful training ~~S~~strategy is as follows:

| Risk | Mitigation |
|---|---|
| Frequent changes in membership of the Pension Fund Committee or Pension Board | Training Strategy in operation and reviewed regularly, new starter information provided to all new members which includes links to key documents etc. <u>Training Strategy in operation and reviewed regularly, core training to be undertaken within 6 months of appointment with supplementary training undertaken when available.</u> |
| Poor individual commitment | Attendance and training is monitored by officers of the Fund and the Chairman/Chairwoman of the Committee/Board. Attendance is reported in the Fund's Annual Report and Statement of Accounts <u>and the Committee and Board Reports are presented to Full Council</u> . Both lack of attendance and lack of training is addressed with the individual when deemed appropriate. |

| <u>Risk</u> | <u>Mitigation</u> |
|-------------------------------|--|
| Resources not being available | A wide variety of training Additional training opportunities <u>will be highlighted to the Committee and Board via the Governance and Compliance Report.</u> are offered to Committee and Board members via the Governance and Compliance Report. |
| Poor standards of training | Where appropriate external advisors who are experts in their field deliver training to cover the CIPFA skills and knowledge framework. Other in house training is delivered by officers with specific knowledge in a particular area. External courses are vetted to ensure they are relevant before being added to the list of courses available. Feedback is sought after events are attended. |

159.2 The risks will be monitored within the scope of the ~~T~~training ~~S~~strategy and the risk register will be amended where appropriate.

1620.Reporting

1620.1 ~~Training events will be highlighted at every meeting as part of the Governance and Compliance Report, members are expected to make officers aware of any events that are of interest. Core training is expected to be taken up in the first instance as it has been specifically designed to cover the CIPFA core competencies and is therefore compulsory.~~

16.2 ~~The Chair of the Pension Fund Committee and Local Pension Board will be provided with attendance at meetings and training undertaken by members during the year.~~

16.2 ~~Training undertaken by members will be published in the relevant annual reports. On a yearly basis the Chairman/Chairwoman of the Pension Fund Committee and Local Pension Board will be provided with the credits that have been attained by each member and the collective over view of training of the Pension Fund Committee and Board.~~

~~20.2 Any members who have not attained at least 70% of the required credits will be highlighted to the Chairman/Chairwoman or the Vice Chairman/Woman where appropriate for action (for new members this will be proportioned). In the first instance this will be a conversation with the member to establish if there are any circumstances prohibiting them to attain credits at the appropriate rate, an element of discretion from the Chairman/Chairwoman can be applied in these circumstances. If no adequate reason provided for lack of credits a plan of action will be agreed upon, if not agreed the Chairman/Chairwoman in conjunction with the Head of Pensions can agree a further sanction.~~



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~~20.3 Training events will be highlighted at every meeting as part of the Governance and Compliance Report, members are expected to make officers aware of any events that are of interest. Core training is expected to be taken up in the first instance as it has been specifically designed to cover the CIPFA core competencies and is therefore compulsory.~~

~~21~~7. Costs

~~1724~~.1 All training costs relating to this ~~T~~training ~~S~~strategy are met by Cambridgeshire Pension Fund.



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Cambridgeshire
Pension Fund

Pension Fund Committee
13th December 2021

Report by: Head of Pensions

| | |
|------------------------|--|
| Subject: | Employer Admissions and Cessations Report |
| Purpose of the Report: | <ol style="list-style-type: none">1. To report the admission of three admitted bodies to the Cambridgeshire Pension Fund2. To notify the Committee of three bodies ceasing participation in the Cambridgeshire Pension Fund |
| Recommendations: | <p>That the Pension Fund Committee</p> <ol style="list-style-type: none">1. Notes the admission of the following admitted bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreements:<ul style="list-style-type: none">• Caterlink• Compass Contract Services• Excellerate Services UK Limited2. Notes the cessation of the following bodies from the Cambridgeshire Pension Fund:<ul style="list-style-type: none">• Compass Contract Services• Feldale Internal Drainage Board• VHS Cleaning Services |
| Enquiries to: | <p>Name – Cory Blose, Employer Services and Systems Manager Tel – 07990 560829 E-mail – cory.blose@westnorthants.gov.uk</p> |

1. Background

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

2 New Admission Bodies

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

| Date | New Admission Body | Background information |
|------------|--|---|
| 30/10/2018 | Compass Contract Services (Diocese of Ely Multi Academy Trust) | The Diocese of Ely Multi Academy Trust (DEMAT), entered into a contract with Compass Contract Services to provide catering services. As a result, a group of staff were transferred to the new admission body and a pass through admission agreement has been put in place with the liabilities retained by Cambridgeshire County Council. This agreement has been backdated to 30 October 2018. The backdated contributions have been collected. |
| 01/08/2018 | Compass Contract Services (Stephen Perse Foundation) | The Stephen Perse Foundation entered into a contract with Compass Contract Services to provide catering services. As a result, a group of staff were transferred to the new admission body and a pass through admission agreement has been put in place with the liabilities retained by Cambridgeshire County Council. This agreement has been backdated to 30 October 2018. The backdated contributions have been collected. |

| | | |
|------------|---|--|
| 13/09/2021 | Excellerate Services UK Limited (Huntingdon Youth Centre) | Excellerate Services UK Limited have entered into a contract with Huntingdon Youth Centre to provide cleaning services. As a result, a group of staff were transferred to the new admission body and a pass through admission agreement has been put in place, with the liabilities retained by Cambridgeshire County Council. This agreement has been backdated to 13 September 2021 and backdated contributions have been collected. |
|------------|---|--|

5. Cessations

5.1 Compass Contract Services (Stephen Perse Foundation)

5.1.1 Compass Contract Services were admitted to the Fund under a pass through agreement on 1 August 2018 after entering a contract to provide cleaning services for the Stephen Perse Foundation .

5.1.2 On 31 July 2021, the contract ended. No exit payment or credit will be required as the pension liabilities were retained by The Stephen Perse Foundation.

5.2 Feldale Internal Drainage Board

5.2.1 Feldale Internal Drainage Board were admitted to the Fund on 10 January 1969 when they passed a resolution designating their staff to become eligible for the scheme.

5.2.2 On 31 March 2019 the final active employee left employment, therefore Feldale Internal Drainage Board ceased to be an employer in the Fund. Following an initial delay to processing cessations following changes to the LGPS regulations and new guidance being issued, discussions began with the employer in the third quarter of 2020.

5.2.3 Following initial discussions, the cessation was postponed, as the employer was considering entering a new member into the Scheme. Postponement of a cessation, where the administering authority reasonably expects a new member to be entered into the Scheme within 3 years after the cessation date.

5.2.4 The employer ultimately decided not to enter any new members and discussions began again in September 2021.

5.2.5 The actuarial assessment undertaken has identified that a £13,000 exit payment is required from the exiting employer. At the time of writing this report, the employer has requested to pay the exit payment in installments and Fund officers are in discussions with the employer regarding payment.

5.2.6 The Committee will be updated if an agreement cannot be reached with the employer, in line with the policy set out in the Funding Strategy Statement.

5.3 VHS Cleaning Services Limited (Bewick Bridge Community Primary School)

5.3.1 VHS Cleaning Services Limited were admitted to the Fund under a pass through agreement on 17 September 2018 after entering a contract to provide cleaning services for Bewick Bridge Community Primary School.

5.3.2 On 16 July 2021, the last active member left employment. No exit payment or credit will be required as the pension liabilities were retained by Cambridgeshire County Council.

6. Relevant Pension Fund Objectives

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

Objective 2

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

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

7. Risk Management

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

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

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

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

[Pension Fund Risk Register hyperlink](#)

8. Finance & Resources Implications

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

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

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

9. Communication Implications

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

Direct communications will be required with the exiting employers.

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

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

10. Legal Implications

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

11. Consultation with Key Advisers

- 11.1 Contribution rate and bond assessments are undertaken by Hymans Robertson, the Fund Actuary.
- 11.2 A precedent admission agreement has been drafted by Eversheds, specialist pension legal advisers in consultation with LGSS Law.

12. Alternative Options Considered

- 12.1 None available.

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood 01/12/2021

Has this report been cleared by Head of Pensions? Mark Whitby 12/11/21

Has the Chair of the Pension Fund Committee been consulted? Councillor Whelan

01/12/2021

Has this report been cleared by Legal Services? Fiona McMillan 19/11/2021

