

**CAMBRIDGESHIRE  
PENSION FUND**



**Pension Fund Committee**

**Date:** 24 March 2016

**Report by:** Head of LGSS Pensions

<b>Subject:</b>	<b>Pension Fund Annual Business Plan and Medium Term Strategy, 2016-17 to 2018-19</b>
<b>Purpose of the Report</b>	<b>To outline the Fund's objectives for 2016-17 and provide a plan of action as to how key priorities will be achieved.</b>
<b>Recommendations</b>	<b>The Committee are asked to approve the attached Pension Fund Business Plan for 2016-17 provided in the appendix to this report.</b>
<b>Enquiries to:</b>	<b>Jo Walton, LGSS Governance and Regulations Manager</b> <b>Tel - 01604 367030</b> <b>E-mail - <a href="mailto:jwalton@northamptonshire.gov.uk">jwalton@northamptonshire.gov.uk</a></b>

**1. Background**

1.1 Good governance dictates that each Pension Fund should adopt a Business Plan detailing the Fund's objectives and setting out key priorities for the 2016-17 and in some cases, subsequent years.

1.2 The proposed Business Plan is attached in appendix 1.

**2. The Business Plan 2016-17**

**2.1 Executive summary**

2.1.1 The executive summary explains the challenges that the Fund has faced and will continue to face over recent and forthcoming years. These challenges range from the extended powers of the Pension Regulator to asset pooling in the LGPS.

**2.2 Purpose and scope of the Fund**

2.2.1 This section provides a high level overview of how the Fund operates in terms of its relationship with the Administering Authority through delegated responsibilities to the Pension Committee, the Scheme's administration arrangements with LGSS, the role of the Local Pension Board and the relationship with its stakeholders.

**2.3 Contextual information on the Northamptonshire Pension Fund**

2.3.1 This section provides the Fund's membership, assets and liabilities and investment information as at 31 December 2015 in order to provide the context behind the content of the Business Plan.

- 2.3.2 The section also shows cash flow projections which demonstrate that estimated contribution income is expected to exceed expenditure for the period 1 April 2015 to 31 March 2028. The section also details estimates of the fund account, investment income and expenditure and administration expenses for the period 2016-17 to 2018-19.

## 2.4 Fund Objectives

- 2.4.1 The setting of clear objectives is critical to effective Fund business planning. The objectives were revised in 2015 to ensure they are Specific, Measurable, Achievable, Realistic and Timely. The new objectives for the Northamptonshire Pension Fund are set out in section 3 of the Business Plan.

## 2.5 Key Fund activities 2016-17

- 2.5.1 This section details the key activities that the Fund will undertake during 2016-17. The activities are split into high level categories with a link to the relevant objective or multiple objectives as detailed below:

<b>Activity</b>	
Ensuring and maintaining regulatory compliance/best practice	<ul style="list-style-type: none"> <li>• Ensure and maintain compliance with the Pensions Regulator's code of practice: governance and administration of public service pension schemes and the Public Service Pension Act 2013</li> <li>• Ensure Pension Committee, Pension Fund Board and Officers of the Fund have appropriate knowledge to inform and make decisions about the Fund.</li> </ul>
Ensuring and maintaining data quality	<ul style="list-style-type: none"> <li>• Review, improve and maintain data quality.</li> </ul>
Utilising technological solutions	<ul style="list-style-type: none"> <li>• Utilise Altair to provide self service facilities to scheme members and scheme employers to enable faster and more efficient exchanges of information</li> <li>• Implement and fully exploit Altair Pensioner Payroll and Immediate Payment functionality to achieve cost savings, efficient processes and increased quality of service to scheme members and other stakeholders.</li> <li>• Reduce the reliability on manual functions in favour of automated solutions.</li> </ul>
Utilising collaboration	<ul style="list-style-type: none"> <li>• Proactively participate in the creation of a multi asset pool to meet the government's investment pooling agenda</li> <li>• Procurement of actuarial, governance and benefits consultancy service (in conjunction with Cambridgeshire Pension Fund to achieve economies of scale).</li> </ul>

Managing risk	<ul style="list-style-type: none"> <li>• Development of a Fund Risk Register that identifies all risks facing the Fund in the short, medium and long term, tracks and highlights movement in risks and links to the Fund's objectives.</li> <li>• Managing the risks associated with the increasing volume and diversity of scheme employers and ensures that these risks are reflected in the funding approach for each scheme employer</li> </ul>
Managing Fund performance – administration	<ul style="list-style-type: none"> <li>• Undertake full review of the Administration Strategy to enable a more streamlined approach to managing poor performing employers).</li> <li>• Monitor and improve stakeholder satisfaction</li> <li>• Monitor and deliver required levels of administration performance for scheme employers and the service.</li> </ul>
Maintain appropriate cash flow	<ul style="list-style-type: none"> <li>• Ensure employee and employer contributions are received on time for each scheme employer.</li> <li>• Ensure all overpayments of pension benefits are managed in a cost effective and timely manner.</li> </ul>
Ensuring effective communications	<ul style="list-style-type: none"> <li>• Deliver plain English communications</li> <li>• Deliver effective and timely communications to scheme members and scheme employers, including collaborating with other LGPS Funds where appropriate.</li> </ul>
Maintaining long-term Fund solvency	<ul style="list-style-type: none"> <li>• Undertake the 2016 triennial valuation of the Fund.</li> <li>• Regularly monitor the funding level.</li> </ul>
Maintaining value for money	<ul style="list-style-type: none"> <li>• Demonstrate that the Fund is operating in a manner that achieves value for money.</li> </ul>

## 2.6 Performance Indicators

- 2.6.1 Section 5 of the Business Plan details the key performance indicators that the LGSS Pensions Service will report on during 2016-17 as agreed in the Fund's Administration Strategy.

## 3. Finance & Resources Implications

- 3.1 Performance against the estimates of the fund account, investment income and expenditure and administration expenses estimates will be reported quarterly to the Pension Committee via the Business Plan updates.

#### 4. Risk Implications

a) Risk(s) associated with the proposal

<b>Risk</b>	<b>Mitigation</b>	<b>Residual Risk</b>
No risk as it is best practice that the Fund has an approved business plan.	N/A	N/A

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

<b>Risk</b>	<b>Risk Rating</b>
If the Fund does not have a Business Plan the Fund will have significant lack of direction, control and structure in the management of its business.	Red

#### 5. Communication Implications

<b>Direct Communications</b>	The Business Plan will be presented to the Pension Committee at its quarterly business meetings.
<b>Website</b>	The Business Plan will be published on the Fund's website.

#### 6. Legal Implications

6.1 Not applicable.

#### 7. Consultation with Key Advisors

7.1 The Fund's key advisers have been consulted in the Business Plan where necessary.

#### 8. Alternative Options Considered

8.1 The alternative of not having a Business Plan is not considered an acceptable alternative for the Fund.

#### 9. Background Papers

9.1 Not applicable.

#### 10. Appendices

Appendix 1 Annual Business Plan and Medium Term Strategy 2016-17

<b>Checklist of Key Approvals</b>	
Is this decision included in the Business Plan?	NO
Will further decisions be required? If so, please outline the timetable here	NO
Is this report proposing an amendment to the budget and/or policy framework?	NO
Has this report been cleared by Head of Pensions?	Mark Whitby – 2/3/2016
Has this report been cleared by the Section 151 Officer/Chief Finance Officer?	Sarah Heywood – 2/3/2016
Has the Chairman of the Pension Fund Board been consulted?	Councillor Hickford – 2/3/2016
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 7/3/2016