

LOCAL PENSION BOARD

Date: 5th July 2019

Report by: HEAD OF PENSIONS

Subject	To present the Business Plan update, Communication Plan and Valuation Update which were presented to the Pension Fund Committee on 13 th June 2019 to the Local Pension Board.
Purpose of the Report	The purpose of this report is to inform the Local Pension Board of reports presented to the Pension Fund Committee on the 13 th June 2019 with respect to administration matters.
Recommendations	<p>The Local Pension Board are asked to:</p> <p>Note the reports presented to the Pension Fund Committee on the 13th June 2019 with respect to the following:</p> <ol style="list-style-type: none">1. Business Plan update;2. Communication Plan;3. Data Improvement Plan update; and4. Valuation update
Enquiries to	Joanne Walton, Governance and Regulations Manager. jwalton@northamptonshire.gov.uk

1. Purpose of the report

- 1.1 The purpose of this report is to inform the Local Pension Board of reports presented to the Pension Fund Committee on the 13th June 2019 with respect to administration matters.

2. Background

- 2.1 The following reports regarding administration matters were presented to the Pension Fund Committee on the 13th June 2019:-

- Business Plan Update
- Communication Plan
- Data Improvement Plan Update
- Valuation Update

3. Business Plan Update

- 3.1 Good governance requires that updates to the pre-agreed Annual Business Plan and Medium-Term Strategy are provided to the Committee and Board on a regular basis. The update in appendix 1 highlights the progress made on the key activities for the period up to 31st May 2019 of the 2019/20 Business Plan, which was approved by the Pensions Committee on 28th March 2019.
- 3.2 The paper also includes a full list of the key fund activities for the 2019/20 financial year.
- 3.3 The Pension Fund Committee noted the report.

4. Communication Plan

- 4.1 The Local Government Pension Scheme Regulations 2013 (The Regulations) requires the Pension Fund to prepare, maintain and publish a written statement setting out its policy concerning communications with members and scheme employers.
- 4.2 The Communication Plan can be found in appendix 2 of this report and details the activities that need to be undertaken during 2019/20.
- 4.3 The Pension Fund Committee approved the Communication Plan for 2019/20.

5. Data Improvement Plan Update

- 5.1 The primary purpose of the Cambridgeshire Pension Fund is to pay the correct pension benefits to its members when they become due. It is therefore essential that the Fund achieves and maintains the highest possible data quality standards.
- 5.2 To demonstrate to the Pensions Regulator that the Fund has reviewed the quality of its data and has an ongoing approach to ensuring appropriate processes are in place to consistently hold accurate data, a Data Improvement Policy and a Data Improvement Plan has been established.
- 5.3 The Data Improvement Plan Update report is in appendix 3 of this report.
- 5.4 The Pension Fund Committee noted the report.

6. Valuation Update

- 6.1 Fund officers are currently working on a number of activities with the Scheme Actuary to complete the valuation of the Pension Fund. This work will continue throughout the 2019/2020 scheme year, culminating with the publishing of the valuation report and rates and adjustments certificate by 31 March 2020.
- 6.2 The overview of the valuation update is provided in appendix 4 of this report, the presentation provided by Hymans Robertson is in private appendix 5. Officers are happy to answer any questions arising from either the report or presentation slides.

6.3 The Pension Fund Committee noted the update.

7. Recommendations

7.1 That the Local Pension Board:

Note the reports presented to the Pension Fund Committee on the 13th June 2019 with respect to:

1. the Business Plan Update;
2. the Communication Plan
3. the Data Improvement Plan Update; and
4. the Valuation Update

8. 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 no 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 no 3)
Continually monitor and measure clearly articulated objectives through business planning. (Objective no 4)
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. (Objective no 5)
Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. (Objective no 8)
Ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer. (Objective no 9)
Promote the Scheme as a valuable benefit. (Objective no 12)
Deliver consistent plain English communications to Stakeholders. (Objective no 13)
Provide Scheme members with up to date information about the Scheme in order that they can make informed decisions about their benefits. (Objective no 14)
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund. (Objective no 15)

9. Finance & Resources Implications

9.1 There are no costs associated with the recommendations.

10. Risk Management

10.1 The Local Pension Board have a duty to review decisions and processes undertaken by the Pension Fund Committee.

10.2 The risks associated with not having this oversight are captured in the fund risk register as below -

Risk No	Risk	Residual risk
8	Risk of fraud and error	Green
9	Failure to understand and monitor risk compliance.	Green
16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	Green

10.3 The Fund's risk register can be found on the Fund's website at the following link:
<https://pensions.cambridgeshire.gov.uk/app/uploads/2019/05/RiskRegisterCPF.May2019.pdf>

11. Communication Implications

11.1 The Communication Plan has been published on the LGSS Pensions website.

12. Legal Implications

12.1 None.

13. Consultation with Key Advisers

13.1 None.

14. Alternative Options Considered

14.1 None.

15. Background Papers

15.1 Appendix 1 – Business Plan Update Report

15.2 Appendix 2 – Communication Plan

15.3 Appendix 3 - Data Improvement Plan Update Report

15.4 Appendix 4 – Valuation Update Report

15.5 Appendix 5 – Valuation presentation slides – **exempt separate document**

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 20 th June 2019

Appendix 1 – Business Plan Update Report

Agenda Item No:

CAMBRIDGESHIRE PENSION FUND



Pension Fund Committee

Date: 13th June 2019

Report by: Head of Pensions

Subject:	Pension Fund Annual Business Plan Update report 2019/20
Purpose of the Report	To present the Pension Fund Business Plan Update for the period from 1 st April to 31 st May 2019 to the Pension Fund Committee.
Recommendations	The Pension Fund Committee are asked to note the Pension Fund Business Plan Update for the period ending 31 st May 2019 of the 2019/20 financial year.
Enquiries to:	Joanne Walton, Governance and Regulations Manager jwalton@northamptonshire.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 31st May 2019 of the 2019/20 Business Plan, which was approved by the Pensions Committee on 28th March 2019.
- 1.2 A full list of the key fund activities for the 2019/20 financial year can be found in appendix 1 of this report.

2. Key Pension Fund Activities

2.1 Service Delivery

Reference	Key action/task	2019/20			
		Q1	Q2	Q3	Q4
SD1	Monitor staffing levels in line with organisational reform	✓G			

2.1.1 SD1 - Monitor staffing levels in line with organisational reform

Action - Keep under review the ability to recruit and retain staff during the forthcoming period of organisational reform with regards to the future shape of LGSS and local government in Northamptonshire anticipated in 2020. The Pension Fund Committee will be kept informed of all developments in this area.

Update – LGSS Pensions has been at full budgeted establishment since 23rd April and staffing levels will continue to be monitored throughout the year.

On target for completion? Yes.

2.2 Governance and compliance

Reference	Key action/task	2019/20			
		Q1	Q2	Q3	Q4
GC2	Procure a supplier of mortality screening and member tracing services and process results	✓G			
GC5	Deliver actions stemming from the review of the Fund's Additional Voluntary Contribution providers	✓G			
GC7	Complete the Guaranteed Minimum Pension reconciliation project with rectification of members' records	✓G			

2.2.1 GC2 - Procure a supplier of mortality screening and member tracing services and process results

Action - The Fund needs to procure a mortality screening and member tracing service to ensure scheme member records are accurate and up to date to comply with prevailing legislation on data quality. Having the ability to access up to date information on members of the scheme who pass away and move address via these services will significantly improve the quality of the data held and increase the Fund's data quality score. The procurement of these services will be conducted on a joint basis with Cambridgeshire Pension Fund via the National LGPS Frameworks.

Update – The Request for Further Competition to appoint a supplier of member tracing services and mortality screening under the National Frameworks was issued on 9th April 2019 with final responses required by 7th May 2019.

Of the suppliers on the Framework that expressed an interest in supplying services to the Cambridgeshire and Northamptonshire Funds, each supplier was evaluated against the criteria set and an award was made during the week commencing 20 May 2019. At the time of writing this report it was not possible to publically announce who the contract was awarded to but this will be confirmed verbally at this meeting.

Detailed analysis of the improvements made to the quality of the Fund's data as a result of these contracts will be reported to the Pension Fund Committee as part of the Data Improvement Plan at each meeting.

On target for completion? Completed.

2.2.2 GC5 - Deliver actions stemming from the review of the Fund's Additional Voluntary Contribution providers

Action - The Fund has a responsibility to ensure that the range of investment choices offered by their AVC providers remain suitably diverse and appropriate in terms of annual charges and risk profiles. As such, the Fund appointed an external adviser, Aon, to review and report on the fund ranges offered by the Fund's AVC providers Standard Life and Prudential.

Update – The findings of this review will be discussed at the July 2019 meeting of the Pension Fund Committee and actions resulting from the recommendations from the report will commence thereafter.

On task for completion? Yes

2.2.3 GC7 - Complete the Guaranteed Minimum Pension reconciliation project with rectification of members' records

Action - Following the introduction of the end of contracting-out on 6th April 2016, it was necessary for all pension schemes to reconcile their scheme members' contracted out liability against that recorded by HMRC. Failure to record the correct data for individual scheme members could result in schemes having to pay benefits in respect of members for which they do not have a liability. The Fund outsourced the reconciliation stage of this project to ITM Limited and it is estimated to complete in April 2019 when HMRC have responded to all queries that have been raised. The next stage will be to rectify any errors with the data held by the Fund.

Due to the number of member records estimated to require rectification, it is proposed that ITM Limited will be procured jointly with Northamptonshire Pension Fund via direct award from the National LGPS Framework for Third Party Administration Services to complete this stage.

Update – The Pension Fund Committee approved the appointment of ITM Limited to complete the rectification stage of this project at the March 2019 meeting. ITM Limited are currently still processing queries raised with HMRC and are preparing their systems for when all queries are resolved. Further information on this activity can be found in the Data Improvement Plan Update report.

On task for completion? Yes.

2.3 Communications, Systems and Employer Management

Reference	Key action/task	2019/20			
		Q1	Q2	Q3	Q4
CSEM1	Incorporate employer covenant monitoring into the valuation cycle	✓G			
CSEM2	Develop and implement a digital communications strategy	✓G			
CSEM4	Implement monthly data collection for all employers	✓G			
CSEM5	Manage the 2019 valuation	✓G			

2.3.1 CSEM1 – Incorporate employer covenant monitoring into the valuation cycle

Action - With an increasing number and variety of employers in the Fund, employer management is becoming one of the biggest challenges in managing a Fund. Assessing an employer's covenant (its ability to support its pension liabilities now and in the future) is an important step in ensuring the security of the Fund, informing both investment and funding decisions allowing appropriate risks to be taken. The Pensions Regulator recommends that a targeted approach is taken to assessing and monitor employer covenant and that, as a minimum, this should be carried out for appropriate employers at each valuation. The Fund's Actuary has been engaged to carry out covenant assessments on behalf of the Fund and this will be incorporated into the valuation cycle.

Update – A process has been agreed with the Fund Actuary for carrying out covenant assessments. Data has been provided for the first stage of covenant monitoring which involves ranking the relative risk level of each employer according to actuarial factors including funding level, size of deficit compared to size of payroll, contract length (if applicable), remaining number of members and other similar factors. This will identify the most risky employers who will then undergo further covenant assessments. The results of these assessments will be factored into the process of setting employer contribution rates.

On task for completion? Yes.

2.3.2 CSEM2 - Develop and implement a digital communications strategy

In order to better engage with members and employers, improve efficiency, data security and reduce costs the Fund requires a digital communications strategy. This will set the Funds approach to using digital communications channels to engage with scheme members and employers. It will provide detail on the Fund's digital communication objectives, what communication channels will be used to achieve these objectives and in what circumstances. It will also provide guidance on best practice for such communications.

Update – A Communications Officer has now been appointed and inducted into the service and have commenced work on developing a Digital Communications Strategy which will be brought to the October Pension Fund Committee for approval.

On task for completion? Yes.

2.3.3 CSEM4 - Implement monthly data collection for all employers

Action - The Fund needs to collect and hold up to date, accurate records of members benefits to respond to the number of members using their online pension account to monitor their current pension benefits and obtain pension estimates. This requires the monthly collection of member data from employers. Some large employers already use i-connect to submit their data on a monthly basis, but, this must be rolled out to all employers. Monthly data will improve the efficiency of the data collection process, provide improvements in the quality of data received and improve the service provided to scheme members.

Update – The first phase of moving employers to monthly reporting was carried out between January and March. There were 22 employers, mainly Parish Council's that received training on the new process and were successfully set up to use the new online data portal for monthly submissions and have been submitting data via this channel. In addition to the employers and payroll providers already using the automated i-connect extract, 73% of members data is now received on a monthly basis. It is planned to on-board another 80 employers over the next few months.

On task for completion? Yes.

2.3.4 CSEM5 - Manage the 2019 valuation

Action - The Fund must be valued on a triennial basis with employer contribution rates set for the following 4 years. The last valuation was carried out in 2016 and the current valuation will be carried out as at 31st March 2019 with whole Fund results issued in the summer of 2019 and individual employer results and contribution strategies issued in the winter with the new rates coming into effect from 1st April 2020.

Update – A separate report will be presented to the Committee at this meeting providing an update on the valuation process.

On task for completion? Yes.

2.4 Operations

Reference	Key action/task	2019/20			
		Q1	Q2	Q3	Q4
OPS1	Processing of undecided leavers	✓G			
OPS2	Design a range of customer experience key performance indicators	✓G			

2.4.1 OPS1 – Processing of undecided leavers

Action - The Fund has a number of undecided 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.

Update – Progress in this area is included in the Data Improvement Plan Update report.

On task for completion? Yes.

2.4.2 OPS2 - Design a range of customer experience key performance indicators

Action - The Fund's current KPIs focus on the performance of the scheme administrator. As part of improving customer excellence, the Fund is committed to understand and report on the customer experience associated with key casework procedures.

Update – LGSS Pensions is currently outlining and designing the process which will be used to monitor the customer service experience for the member. This will include creating new KPIs to monitor performance of the Pension Fund.

On task for completion? Yes.

2.5 Investments, accountancy and cash flow management

Reference	Key action/task	2019/20			
		Q1	Q2	Q3	Q4
IA1	Continue development of the asset pool	✓G			✓
IA3	Implement the cash management policy	✓G			
IA10	Consider multi-fund investment strategies	✓G		✓	

2.5.1 IA1 - Continue development of the asset pool

Action - The ACCESS asset pool development is a long-term project currently focussed on establishing liquid asset sub-funds, with expansion into alternative asset classes in the later part of 2019/20.

Update -

- **Complete recruitment of the ACCESS Support Unit.** The position of Programme Director to the ACCESS Support Unit remains vacant following the withdrawal of the preferred candidate at the offer stage. Alternative options are now being considered.

On task for completion? Slippage into the next reporting period is expected.

- **Complete on boarding of tranches 3, 4 and 5 sub funds.** The ACCESS On-boarding Sub-group (OBSG) reported to the 18th March 2019 ACCESS Joint Committee that the programme delivery of these tranches is on target.

On task for completion? Yes.

- **Complete non listed / illiquid assets.** The ACCESS On-boarding Sub-group reported to the 18th March 2019 ACCESS Joint Committee that following receipt of legal advice the OBSG would undertake consultations with Fund managers on potential structures for the provision of the pooling of illiquid assets. A report will be submitted to the 11th June 2019 Joint Committee on progress to date.

On task for completion? Yes.

2.5.2 IA3 - Implement the cash management policy

Action – The Pension Fund Committee at the March 2019 meeting approved the Fund's revised cash management policy. Implementation of this policy includes the use of an online cash monitoring and management application.

Update – The Fund has implemented a treasury application (PS Live) which facilitates forecasting and monitoring fund bank balances, through known activities and trends for the financial year, updating with actual experiences as they arise. The enhanced process combined with regular monitoring of investment as well as funding cash pressures provides an oversight and management of cash to facilitate efficient deployment of surplus funds to investment. The 2018-19 financial year was modelled to inform the process which is now operating live in 2019-20.

On task for completion? Completed.

2.5.3 IA10 - Consider multi-fund investment strategies

Action - Following the introduction of HEAT, the Hymans Employer Asset Tracker, the Committee agreed to consider the introduction of multiple investment strategies that could take account of the varying requirements of different classes of scheme employer.

Update -

- **Develop proposal with professional advisors.** The Fund's Actuary Hymans has provided information for officers to consider, following which further consultations with the Fund's professional advisers will be undertaken to inform the Funding Strategy Statement for quarter 3.

On task for completion? Yes.

- **Funding Strategy Statement (FSS) to be approved by the Committee.** The Pension Fund Committee will be asked to approve the FSS in October 2019.

On task for completion? Yes.

3. Relevant Fund objectives

- 3.1 Continually monitor and measure clearly-articulated objectives through business planning.

4. Risk Management

- 4.1 The Pensions 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 Pensions Committee and Local Pension Board at every meeting.
- 4.2 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 No	Risk	Residual risk rating
7	Those charged with the governance are unable to fulfil their responsibilities effectively	Green
13	The scheme would not be administered in line with regulations and guidance	Green
15	Pension Fund objectives not defined and agreed	Green

- 4.3 A full version of the Fund risk register can be found at the following link - <https://pensions.cambridgeshire.gov.uk/app/uploads/2019/04/Cambridgeshire-Risk-Register.pdf>

5. Communication Implications

Direct Communications	The Business Plan Update will be presented to the Pension Fund Committee at each meeting.
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6. Finance & Resources Implications

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

7. Legal Implications

- 7.1 Not applicable

8. Consultation with Key Advisers

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

9. Alternative Options Considered

- 9.1 Not applicable

10. Background Papers

- 10.1 Annual Business Plan and Medium Term Strategy 2019/20 – <https://cambridgeshire.cmis.uk.com/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/954/Committee/16/Default.aspx>

11. Appendices

- 11.1 Appendix 1 – Full list of Key Fund Activities for the 2019/20 financial year.

Checklist of Key Approvals	
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 30 th May 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 21 st May 2019
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers– 30 th May 2019
Has this report been cleared by Monitoring	Fiona McMillan – 29 th May 2019

Officer?	
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Appendix 1 – Full list of Key Fund Activities for the 2019/20 financial year.

Service Delivery

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
SD1	Monitor staffing levels in line with organisational reform			✓			
SD2	Retain Customer Service Excellence standard accreditation		✓			✓	

Governance and Compliance

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
GC1	Procure a supplier of specialist legal advice			✓			
GC2	Procure a supplier of mortality screening and member tracing services and process results	✓					
GC3	Obtain proof of continued existence of scheme members residing overseas		✓				
GC4	Re-procurement for administration and payroll system					✓	
GC5	Deliver actions stemming from the review of the Fund's Additional Voluntary Contribution providers		✓				
GC6	Scope potential liability reduction exercises				✓		
GC7	Complete the Guaranteed Minimum Pension reconciliation project with rectification of members records			✓			

Communications, Systems and Employer Management

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
CSEM1	Incorporate employer covenant monitoring into the valuation cycle	✓					
CSEM2	Develop and implement a digital communications strategy		✓				
CSEM3	Review cyber resilience				✓		
CSEM4	Implement monthly data collection for all employers		✓				
CSEM5	Manage the 2019 valuation		✓				

Operations

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
OPS1	Processing of undecided leavers			✓			
OPS2	Design a range of customer experience key performance indicators	✓					

Investments and fund accountancy

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
IA1	Continue development of the asset pool	✓			✓		
IA2	Implement the strategic asset allocation		✓				
IA3	Implement the cash management policy	✓					
IA4	Extend global custody contract for 2 years		✓				
IA5	Re-tender collaboratively with ACCESS for global custody services					✓	
IA6	Implement online payment platform for employers' contribution payments			✓			
IA7	Re-tender for investment consultancy services				✓		
IA8	Re-tender for the independent adviser role			✓			
IA9	Complete sign up to the responsible investment stewardship code				✓		
IA10	Consider multi-fund investment strategies	✓		✓			

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Committee

Date: 13th June 2019

Report by: Head of Pensions

Subject:	Cambridgeshire Pension Fund – 2019/20 Communication Plan
Purpose of the Report	To present the Cambridgeshire Pension Fund Communication Plan for the 2019-20 scheme year to the Pension Fund Committee.
Recommendations	The Pension Fund Committee are asked to approve the Communication Plan located in appendix 1.
Enquiries to:	Name - Cory Blose – LGSS Employer Services and Systems Manager Tel – 01604 367264 E-mail – cblose@northamptonshire.gov.uk

1. Background

1.1 The Local Government Pension Scheme Regulations 2013 (The Regulations) requires the Pension Fund to prepare, maintain and publish a written statement setting out its policy concerning communications with members and scheme employers.

61. (1) *An administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with—*

- (a) *members;*
- (b) *representatives of members;*
- (c) *prospective members; and*
- (d) *Scheme employers.*

(2) *In particular the statement must set out its policy on—*

- (a) *the provision of information and publicity about the Scheme to members, representatives of members and Scheme employers;*
- (b) *the format, frequency and method of distributing such information or publicity; and*
- (c) *the promotion of the Scheme to prospective members and their employers.*

(3) The statement must be revised and published by the administering authority following a material change in their policy on any of the matters referred to in paragraph (2).

- 1.2 The enclosed Communication Plan forms part of that policy as required by the Regulations and sets out the communication activities for the 2019-20 scheme year.
- 1.3 The Communication Strategy is not due for review at this time. As a result the Plan has been separated from the Strategy for individual approval.
- 1.4 A Digital Communication Strategy outlining our approach to utilising digital communications will be submitted later on in the year.
- 1.5 The Pension Fund Committee is asked to approve the Communication Plan

2. The Communications Plan

- 2.1 The Communications Plan details the communication that we plan to send to the Fund's stakeholders, including:

Active scheme members
Deferred scheme members
Prospective scheme members
Retired scheme members
Dependant scheme members
Scheme employers
Fund staff

- 2.2 The plan sets firm deadlines for key communications, particularly annual benefit statements, notification of scheme changes, and other engagement activities.

3. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>(Objective no 1)</i>
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. <i>(Objective no 3)</i>
Continually monitor and measure clearly articulated objectives through business planning. <i>(Objective no 4)</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>(Objective no 5)</i>
Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. <i>(Objective no 8)</i>
Promote the Scheme as a valuable benefit. <i>(Objective no 12)</i>

Deliver consistent plain English communications to Stakeholders. (Objective no 13)
Provide Scheme members with up to date information about the Scheme in order that they can make informed decisions about their benefits. (Objective no 14)

4. Risk Management

4.1 The Pension Fund Committee is responsible for ensuring a Communication Plan is in place and adhered to. The plan helps to ensure that statutory deadlines are met and stakeholders are aware of upcoming communications.

4.2 The risks associated with failing to have in place and monitor progress against the Communication Plan has been captured in the Fund risk register as detailed below –

Risk No	Risk	Residual risk rating
5	Information may not be provided to stakeholders as required.	Green
10	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	Green

4.3 The Fund risk register can be found at the following link - <https://pensions.cambridgeshire.gov.uk/app/uploads/2019/04/Cambridgeshire-Risk-Register.pdf>

5. Communication Implications

Website	The approved communication plan will be published on the LGSS Pensions website
Internal Communications	The approved communication plan will be distributed internally to officers.

6. Finance & Resource Implications

6.1 There are no direct finance and resource implications of approving this plan however, the communication activities themselves will have costs and resource application which will depend entirely on the final specification of each communication activity. The costs associated with delivering these activities have been built into the business plan.

7. Legal Implications

7.1 Not applicable

8. Consultation with Key Advisors

8.1 Consultation with the Funds advisers was not required for this report.

9. Alternative Options Considered.

9.1 Not applicable

10. Background Papers

10.1 Not applicable

11. Appendices

11.1 Appendix 1 – Cambridgeshire Pension Fund – 2019/20 Communications Plan

Checklist of Key Approvals	
Is this decision included in the Business Plan?	
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 30 th May 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 21 st May 19
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 30 th May 2019
Has this report been cleared by Legal Services?	Fiona McMillan - 29 th May 2019

Communication Plan 2019/20

MONTH	ACTIVITY						
	Active members	Scheme employers	Prospective member	Deferred members	Retired members	Dependant members	Fund staff
APR	Scheme change -same sex spouses & civil partners APC/ARC change communication Online pension account promotion Member hub user guide review Members' survey	Employers' forum invitations Employer training Year-end reminders APC/ARC change communication	Online pension account promotion Member hub user guide review	Scheme change – early payment pre April 1998 Scheme change -same sex spouses & civil partners Standard letter template review - deferred Members' survey	Scheme change -same sex spouses & civil partners Payslip – online pension account promotion Members' survey	Scheme change -same sex spouses & civil partners Payslip – online pension account promotion Members' survey	
MAY	Fire Scheme Newsletter Opt out fact sheet £95k exit payment cap consultation Member hub user guide review Standard letter template review - starters Members' survey	i-connect group 1 - online returns on-boarding & training – tranche A Employers' forums £95k exit payment cap consultation Employer newsletter Valuation communications CFO's valuation briefing	Scheme promotion fact sheet and poster Member hub user guide	Members' survey	Members' survey Payslip – online pension account promotion	Members' survey Payslip – online pension account promotion	

JUN	Website Plain English review Scheme change – Late retirement factors Standard letter template review – active retirement Members’ survey	i-connect group 1 - online returns on-boarding & training – tranche B Scheme change – Late retirement factors Employer Training Website plain English amends	Website Plain English Review	Electronic Annual Benefit Statements – LGPS Trial bulk email system e.g. Govdelivery Website Plain English Review Members’ survey	Website Plain English Review Members’ survey Standard letter template review – active retirement	Website Plain English Review Members’ survey	Committee report Plain English training Members’ survey
JUL	Standard letter template review – active retirement Online pension account promotion Members’ survey	i-connect group 1 - online returns on-boarding & training – tranche C i-connect group 2 - interface on-boarding Quarterly Newsletter Employer induction packs		Online pension account promotion Members’ survey	Members’ survey Standard letter template review – active retirement	Members’ survey	
AUG	Annual Benefit Statements - LGPS Fire Annual Benefit Statements* Newsletter – All schemes Members’ survey	i-connect group 1 - online returns on-boarding & training – tranche D i-connect group 3 - interface on-boarding		Annual Benefit Statements - Fire Newsletter Members’ survey	Members’ survey	Members’ survey	

SEPT	£95k cap – scheme specific consultation Standard letter template review - transfers in non LGPS Online pension account promotion Members’ survey	£95k cap – scheme specific consultation i-connect monthly returns project Employer Training	Scheme promotion factsheet and poster	Online pension account promotion Members’ survey	Members’ survey	Members’ survey	
OCT	Standard letter template review – transfers in non LGPS Members’ survey	i-connect monthly returns project Employer Training Employer survey		Members’ survey	Members’ survey	Members’ survey	Committee report
NOV	Standard letter template review – additional benefits Members’ survey	i-connect monthly returns project Employer newsletter Employer Training Employer survey		Members’ survey	Members’ survey	Members’ survey	
DEC	Annual reports & accounts Members’ survey	Employer forums i-connect monthly returns project Annual reports & accounts	Annual reports & accounts	Annual reports & accounts Standard letter template review – transfers out Members’ survey	Annual reports & accounts Members’ survey	Annual reports & accounts Members’ survey	Committee report Annual reports & accounts

		Funding strategy statement consultation Individual employers' evaluation results					
JAN	Online pension account promotion			Standard letter template review – transfers out			
FEB	Standard letter template review – deaths	Employer Training Quarterly Newsletter	Scheme promotion factsheet and poster	Standard letter template review - deaths	Standard letter template review - deaths		
MAR	Trial texting Promotion of self-service functionality Standard letter template review - deaths	Employer Forum Rates & adjustments certificates Valuation report		Standard letter template review - deaths	Newsletter – All schemes Standard letter template review – deaths Payslip – online pension promotion	Newsletter – All schemes Payslip – online pension promotion	Committee report
Ad hoc Comms	Website updates	Training Workshops Pension Bulletins Website updates Valuation Report (every 3 yrs)	Promotional Posters Website updates	Website updates	Website updates	Annual review of entitlement – May/June. Website updates	Website updates Pension Committees

*Must be an active scheme member as at 31 March in the financial year that the statement

Appendix 3 – Data Improvement Plan Update Report

CAMBRIDGESHIRE PENSION FUND



Pension Fund Committee

Date: 13th June 2019

Report by: Head of Pensions

Subject:	Data Improvement Plan Progress Report
Purpose of the Report	To present the Pension Fund Committee a report that details progress made against the Pension Fund Data Improvement Plan.
Recommendations	The Committee are asked to note the contents of the report.
Enquiries to:	Joanne Walton, Governance and Regulations Manager jwalton@northamptonshire.gov.uk

1. Background

- 1.1 The primary purpose of the Cambridgeshire Pension Fund is to pay the correct pension benefits to its members when they become due. It is therefore essential that the Fund achieves and maintains the highest possible data quality standards.
- 1.2 The Public Service Pensions Act 2013 (effective from 1 April 2014) increased the powers of the Pensions Regulator to ensure that public service pension schemes had appropriate measures in place to ensure high standards of governance and administration.
- 1.3 The Pensions Regulator articulated these standards through the code of practice 14 – governance and administration of public service pension schemes. The code addresses the need for high standards of accurate data and states that schemes must regularly review the data held and put in place a Data Improvement Plan to address any issues.
- 1.4 To demonstrate to the Pensions Regulator that the Fund has reviewed the quality of its data and has an ongoing approach to ensuring appropriate processes are in place to consistently hold accurate data, a Data Improvement Policy and a Data Improvement Plan has been established.
- 1.5 This report is to provide the Pension Fund Committee with details of the progress made against the Data Improvement Plan and will be presented at each meeting.
- 1.6 A summary of the items on the Data Improvement Plan can be found in appendix 1.

2. Data Improvement Plan Activities

- 2.1 The activities on the Data Improvement Plan that are currently in progress are as follows:

	Data Improvement Activity	Purpose	Original timescale for action	Revised timescale	Comments
1	Resolution of awaiting entry records to correct membership status	To ensure that all members showing as awaiting entry are genuine, and to convert to the appropriate membership status where this is not the case.	1/4/19 - 31/3/20	1/9/19 – 31/3/20	Action rescheduled but no impact on completion date.
2	Rectification of pensions increase errors	To resolve inaccurate pensions in payment on the pensioner payroll due to incorrect Pensions Increase being applied.	1/12/18 – 28/2/19	1/4/19 – 31/8/19	Timescale for completion has been extended to allow for the completion of the activity number 8 as the financial impact in that activity is greater on both the Fund and the scheme member. Further detail provided in section 2.4.
3	Resolution of common data fails identified in the 2018 Data Audit	To resolve common data fails identified in the 2018 data audit.	1/1/19 – 31/3/19	1/1/19 – 31/7/19	Progress to date: 9.59% of common data errors resolved. This includes rectification of: Missing, temporary or invalid National Insurance Numbers. Missing or inconsistent forenames and initials. Missing or inconsistent gender. Duplicate National Insurance Numbers but different surname and/or date of birth. Progression of activities 1, 5 and 9 will further reduce the number of common data errors.
4	Resolution of scheme specific data fails identified in the 2018 Data Audit	To resolve scheme specific data fails identified in the 2018 data audit.	1/1/19 – 31/3/19	1/6/19 – 31/3/20	Timeline for completion of this activity has been delayed to allow for the completion of activity number 8 as the financial impact in that activity is greater on both the Fund and the scheme member. There are 10,720 scheme specific data errors. Progression of activities 1, 2 5 and 7 will reduce the number of scheme specific errors.

5	Resolution of unprocessed leaver records	To process all the unprocessed leaver benefits in accordance with the member's entitlement under the LGPS regulations.	New baseline agreed 1/1/19 – 31/12/20	Unchanged From new baseline	Further detail provided in section 2.2.
6	Contracted-out liabilities reconciliation	To compare contracted-out liabilities held on scheme records with that held by HMRC.	All queries to be submitted to HMRC by 31/12/18.	Deadline of submission of queries to HMRC achieved.	HMRC were scheduled to respond to queries by April 2018. This has now been extended to June 2019. This will change the timescales for activity and completion of activity 7. Percentage of queries outstanding with HMRC = 10% Percentage of queries to be resolved by HMRC = 3% Percentage of records fully reconciled = 87%
7	Contracted-out liabilities rectification	To correct any variances to pensions in payment as a result of activity 6	Contract awarded to ITM Limited to undertake this activity on 1 April 2019.	Completion is dependent on HMRC processing all remaining queries.	See activity 6. More information on timescales will be supplied once HMRC have responded to all queries.
8	Pensioner Payroll vs Pensions Administration reconciliation and rectification	To resolve variances in the amount of pension in payment on the pensioner payroll with that held on the administration record.	1/8/17 – 31/3/19	Project completed on 5/4/19	Further detail provided in section 2.3.
9	Member tracing and mortality screening	To ensure all membership records where a liability is held has a current or home address or is marked as gone away where attempts to trace the member have been unsuccessful.	Pending award of contract following procurement of a supplier of screening services via the National LGPS Frameworks	Contract to commence 3/6/19 following mini-competition.	4,739 members' address records have been cleansed to facilitate the effectiveness of the tracing. Updates will be provided on the effectiveness (including cost) on a regular basis.

2.2 Resolution of unprocessed leaver records

2.2.1 Progress to date on this activity is detailed in the tables below.

Activity description	Start Date	Due Date	Completed	Comments	RAG Status
Request missing leaving certificates from scheme employers (Single DB)	Jan 19	Apr 19	Complete		G
Request missing leaving certificates from scheme employers (Multi DB)	Jan 19	Feb 19	Complete		G
Process Multi DB casework.	May 19	Nov 19		To be processed by Aon Hewitt.	A
Request missing leaving certificates from scheme employers (Amalgamations)	Jun 19	Sep 19			G
Design processing solution for Amalgamation casework	Sep 19	Oct 19		Requires outcomes from Multi DB processing.	G
Process Amalgamation casework	Jan 20	Dec 20			G
Process remaining Refund and Single DB cases as leaving certificates received	Jan 19	Oct 19		Risk certificates remain outstanding from scheme employers	A

2.2.2 From the baseline position 999 unprocessed leaver cases have now been completed.

Benefit Type	Refunds	Deferred Benefit (single)	Deferred Benefit (multi)	Amalgamation	Total
Baseline	507	442	1,492	3,382	5,823
April 2019	297	280	1,276	2,971	4,824

2.3 Pensioner Payroll vs Pensions Administration reconciliation and rectification

2.3.1 During the initial reconciliation stage that ran between August and December 2017 1,123 out of the 1,614 initial variances were found to be correctly in payment, requiring only amendments to the administration record to correct the apparent variance.

2.3.2 The opening position for the rectification stage of the project which commenced in January 2018 was a total of 491 cases. During the rectification of the 491 cases 162 have been found to be correctly in payment leaving only 329 variances resulting in either an underpayment or overpayment of pension that required rectification.

2.3.3 The following tables provide further detail on the cases processed.

Initial Variances	1,614
Variances at commencement of rectification stage	491
Current Variances	329
Fully Reconciled	321
Variances Remaining	8

Overpayments		Underpayments	
Initial Variances	933	Initial Variances	681
Variances at commencement of rectification stage	236	Variances at commencement of rectification stage	255
Valid Variances	90	Valid Variances	239
Fully Reconciled	85	Fully Reconciled	236
Variances Remaining	5	Variances Remaining	3

Overpayment Recovery/Written Off	
Repaid in Full	3
Ongoing Deductions	32
Small Overpayment Written Off in line with Policy	13
Written Off due to interaction with contracted-out project	15
Written Off as member is deceased	1
Written Off due to the Limitation Act	1
Written Off following Internal Dispute Resolution Procedure	2
Correspondence Ongoing	16
IDRP Stage 2 Ongoing	2

2.3.4 The 8 cases yet to be reconciled will be dealt with under the contracted-out rectification project (activity number 7), due to their interaction with this project.

2.4 Rectification of pensions increase errors

The following tables provide detail on the cases processed.

	Records Affected	Members Affected
Initial Errors	605	348
Fully Reconciled	150	111
Overpayments Found	25	25
Underpayments Found	76	75
Errors Remaining	455	237

Overpayment Recovery/Written Off	
Ongoing Deductions	1
Small Overpayment Written Off in line with Policy	22
Written Off due to interaction with contracted-out project	1
Correspondence Ongoing	1

2.5 Resolution of common data fails identified in the 2018 Data Audit

The table below provides detail on the number of members that fail each test as reported in the Pensions Regulator mandatory annual return for 2018.

Data Fail	Errors	Investigated	Rectified	Comments
Missing/Temporary/ Invalid NI Number	644	644	62	232 further members written to requesting information.
Missing/Inconsistent Forename & Initial	19	19	19	
Missing/Inconsistent Gender	74	74	74	
Missing/Inconsistent Date of Birth	1	1	1	
Missing/Inconsistent Pensionable Service Start Date	773			618 of these records will be resolved following completion of activity 1, a further 15 in activity 5.
Missing Address	6,431	4,739 members' address records have been cleansed to facilitate the effectiveness of activity 9.		To be resolved following completion of activity 9.
Missing Postcode	2,880			
Duplicate NI Number, Different Surname and/or Date of Birth	235	235	178	
Unprocessed Leaver Records	8,427	To be processed in activity 5 detailed in section 2.2		8,171 of these records had no other Common Data fails.
Awaiting Entry Records	786	To be processed in activity 1.		48 of these records had no other Common Data fails.

2.6 Resolution of scheme specific data fails identified in the 2018 Data Audit

The table below provides detail on the number of members to fail each test.

Data Fail	Errors	Comments
Missing Salary for one of last 5 periods	1,520	No impact on the amount of pension in payment.
Missing/Inconsistent Date of Leaving	1,296	No impact on the amount of pension in payment.
Missing/Inconsistent Preserved Pre 88 and Post 88 GMP	3,884	To be resolved following completion of activities 6 & 7.
Missing Spouse Pension for In- Payment Members	3,076	No impact on the amount of pension in payment.
Missing/Inconsistent In-Payment Pre 88 and Post 88 GMP	4,934	To be resolved following completion of activities 6 & 7.
Missing Dependant Pension	1,412	No impact on pension in payment as the data is missing from a field that does not affect this.

There are a further 28 issues with smaller volumes of records affected in each category, totalling 2,500 errors.

3. Relevant Fund objectives

Continually monitor and measure clearly articulated objectives through business planning.
Maintain accurate records and ensure data is protected and used for authorised purposes only.

4. Risk Management

4.1 The Pension Fund Committee approved the Data Improvement Policy and Data Improvement Plan in October 2018 and officers will keep both documents under constant review. The plan details the identified data improvement activities that need to be undertaken and the progress of these activities is reported through the Data Improvement Plan Progress report presented to the Pension Fund Committee and Local Pension Board at every meeting.

4.2 The risks associated with failing to monitor progress against the Data Improvement Plan have been captured in the Fund's risk register as detailed below.

Risk register	Risk mitigated	Residual risk
Governance (risk 1)	The scheme would not be administered in line with regulations and policies	Green
Governance (risk 2)	Those charged with the governance of the Fund and scheme are unable to fulfil their responsibilities effectively	Amber

4.3 The Fund's full risk register can be found on the Fund's website at the following link: <http://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

5. Communication Implications

Direct Communications	The Data Improvement Plan Progress report will be presented to the Pension Fund Committee at its quarterly business meetings.
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6. Finance & Resources Implications

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

7. Legal Implications

7.1 Not applicable

8. Consultation with Key Advisers

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

9. Alternative Options Considered

9.1 Not applicable

10. Background Papers

10.1 Data Improvement Policy and Data Improvement Plan

<https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/791/Committee/16/Default.aspx>

11. Appendices

11.1 Appendix 1 – Data Improvement Activities

Checklist of Key Approvals	
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 Section 151 Officer?	Sarah Heywood – 30 th May 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 23 rd May 2019
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 30 th May 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 29 th May 2019

Appendix 1 – Full list of data improvement activities for the 2018/19 and 2019/20 financial years.

[illegible]

Appendix 4 – Valuation Update Report

Agenda Item No

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Committee

13th June 2019

Report by: Head of Pensions

Subject:	Valuation of the Fund
Purpose of the Report	To provide the Pension Fund Committee with an update on the Pension Fund valuation.
Recommendations	That the Committee note the valuation update.
Enquiries to:	Name - Cory Blose – Employer Services and Systems Manager Tel – 07990560829 E-mail – cblose@northamptonshire.gov.uk

1. Background

- 1.1 Fund officers are currently working on a number of activities with the Scheme Actuary to complete the valuation of the Pension Fund. This work will continue throughout the 2019/2020 scheme year, culminating with the publishing of the valuation report and rates and adjustments certificate by 31 March 2020.
- 1.2 The Scheme Actuary will be providing a presentation to the Committee which will provide an update on various aspects of the Pension Fund Valuation.

2. Contents of the Presentation

Overview of the Funding Strategy Statement

- 2.1 The Funding Strategy Statement is a policy document that details how different types of employer will be treated within the Fund. The actuary will provide an overview of the Funding Strategy Statement, explaining what the document is, why the Fund needs to have one and the key issues involved with drafting the statement.

Contribution rates for the large scheduled bodies

- 2.2 The contribution rates for large scheduled bodies in the Fund, the large Councils plus Police and Fire services are assessed and set separately to other employers due to their long term and more secure status in the Fund. The actuary will provide an overview of this assessment and the results.

Employer Pooling

- 2.3 The Cambridgeshire Pension Fund has two employer pools. A small admitted bodies pool and a designating bodies pool. These pools were set up to provide protection for small employers against large funding shocks such as ill health strain costs and death in service. The pools were constructed to ensure that only employers of a similar nature were pooled together.
- 2.4 Over time, alternative arrangements have been put in place to protect against ill health retirement strain costs. This, along with the cross subsidy inherent in pooling arrangements, raises questions over the justification of continuing with these pooling arrangements. The Actuary has carried out an assessment of these pools so a decision can be made over the justification and viability of either continuing or discontinuing the pooling arrangements. The actuary will present an overview of these assessments and the options available.
- 2.5 The Committee is not asked to make a decision over the pooling arrangements at this time. The results of the assessment are being considered by officers who will consult with the affected employers and include the intended future policy in the Funding Strategy Statement, which the Committee will be asked to approve in October.

3. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>(Objective no 1)</i>
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. <i>(Objective 2)</i>
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. <i>(Objective no 3)</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>(Objective no 5)</i>
Ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer. <i>(Objective no 9)</i>
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund. <i>(Objective no 15)</i>

4. Risk Management

- 4.1 The Fund carries out an actuarial valuation every three years. The Pension Committee and Local Pension Board are expected to be involved in this process and make informed decisions where necessary.
- 4.2 The risks associated with failing to be involved in the process and make required decisions have been captured in the Fund's risk register as detailed below.

Risk No	Risk	Residual risk rating
7	Those charged with the governance of the Fund are unable to fulfil their responsibilities effectively.	Green
16	Failure to provide relevant information to the Committee and Board to enable informed decision making.	Green
19	Failure to act upon expert advice and/or risk of poor advice.	Green
20	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met.	Green

- 4.3 The Fund's risk register can be found on the LGSS Pensions website at the following link:
<https://pensions.cambridgeshire.gov.uk/app/uploads/2019/04/Cambridgeshire-Risk-Register.pdf>

5. Communication Implications

Direct Communications	Not applicable
Website	Not applicable

6. Finance and Resources Implications

- 6.1 None

7. Legal Implications

- 7.1 Not applicable

8. Consultation with Key Advisers

- 8.1 Consultation with the Scheme Actuary was undertaken for this report.

9. Alternative Options Considered

- 9.1 Not applicable

10. Background Papers

- 10.1 Not applicable

Checklist of Key Approvals	
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 30 th May 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 21 st May 2019
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 30 th May 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 29 th May 2019