

CAMBRIDGESHIRE PENSION FUND BOARD

Date: Friday, 20 April 2018

Democratic and Members' Services

Quentin Baker

LGSS Director: Law and Governance

Shire Hall

Castle Hill

Cambridge

CB3 0AP

10:00hr

Room 128

Shire Hall, Castle Hill, Cambridge, CB3 0AP

AGENDA

Open to Public and Press

- | | | |
|----------|---|----------------|
| 1 | Apologies for absence and declarations of interest | |
| | <i>Guidance on declaring interests is available at</i> | |
| | http://tinyurl.com/ccc-conduct-code | |
| 2 | Minutes & Action Log – 23 February 2018 | 5 - 12 |
| 3 | Cambridgeshire Pension Fund Board Annual Report 2017-18 | 13 - 34 |
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Item Title

This report contains a confidential appendix. If Board Members wish to discuss the appendix the press and public will need to be excluded from the meeting using the exclusion at agenda item 12.

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This report contains a confidential appendix. If Board Members wish to discuss the appendix the press and public will need to be excluded from the meeting using the exclusion at agenda item 12.

12 Exclusion of Press and Public

To resolve that the press and public be excluded from the meeting for the following items of business on the grounds that they 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)).

13 Asset Pooling Update

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

14 Minutes of the Pension Fund Committee 29 March 2018

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

The Cambridgeshire Pension Fund Board comprises the following members:

Councillor Simon King (Chairman) Mr David Brooks (Vice-Chairman)

Mr Barry O'Sullivan Mr Denis Payne and Mr John Stokes and Councillor Ian Manning

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

Clerk Name: Ruth Yule

Clerk Telephone: 01223 699184

Clerk Email: ruth.yule@cambridgeshire.gov.uk

The County Council is committed to open government and members of the public are welcome to attend Committee meetings. It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens. These arrangements operate in accordance with a protocol agreed by the Chairman of the Council and political Group Leaders which can be accessed via the following link or made available on request: <http://tinyurl.com/ccf-film-record>.

Public speaking on the agenda items above is encouraged. Speakers must register their intention to speak by contacting the Democratic Services Officer no later than 12.00 noon three working days before the meeting. Full details of arrangements for public speaking are set out in Part 4, Part 4.4 of the Council's Constitution <https://tinyurl.com/CCCprocedure>.

The Council does not guarantee the provision of car parking on the Shire Hall site and you will need to use nearby public car parks <http://tinyurl.com/ccf-carpark> or public transport

LOCAL PENSION BOARD

MINUTES OF THE CAMBRIDGESHIRE LOCAL PENSION BOARD

Friday 23rd February 2018

Members of the Board in attendance:

Employer Representatives – Councillor S King and Councillor D Payne

Scheme Member Representatives – D Brookes (Vice-Chairman) and B O’Sullivan

Officers in attendance:

M Oakensen –Governance Officer

J Walton – Governance and Regulations Manager

R Yule – Democratic Services Officer

Time: 10.20am. to 11.50am

Place: Kreis Viersen Room, Shire Hall, Cambridge

16. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies were received from John Stokes. There were no declarations of interest.

17. MINUTES AND ACTION LOG – 27 OCTOBER 2017

The minutes of the meeting of 27th October 2017 were approved as a correct record and signed by the Chairman.

The Board raised a number of questions in relation to actions from the last meeting, and noted that:

- the introduction of the improved online benefits estimate system, planned for January 2018, had been postponed to February or March 2018 because problems had been identified with the screen interface for mobile devices. The Chairman requested that two items be added to the Action Log, one for the introduction of this system, and the other to resolve the question of enabling the online system to forecast post-retirement age benefits, a problem identified at the last meeting **Action required**
- the draft Pension Matters newsletter was expected to be available for circulation to Board members by 2 March, with distribution planned for 16th March 2018
- progress had been made with arranging liability insurance cover for Board members. A provider (Aon Hewitt) had been identified and the question of the amounts to be paid by Cambridgeshire County Council (CCC) and by the Pension Fund had been resolved; the CCC Chief Finance Officer had now been asked to approve the expenditure, and it was expected that cover would be in

place by the end of the financial year. Members asked that details of the cover provided be circulated to them once it had been arranged. **Action required**

18. LGSS PENSIONS SERVICE ADMINISTRATION PERFORMANCE REPORT

The Board received the Service Administration Performance Report, which focussed on the work undertaken regarding the administration of the Pension Scheme. Members expressed a wish to examine the analysis of late payment of employer and employee contributions contained in the report's confidential Appendix 1.

It was resolved to:

exclude the press and public from the meeting for the following discussion on the grounds that it would 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).

Discussing the detail of Appendix 1, members noted that persistent late payments and submission of accompanying payment schedules were monitored closely, and officers worked in close liaison with scheme employers and third party payroll providers to resolve issues, in accordance with the Payment of Employee and Employer Contributions Policy.

Two employers who had persistently been paying late had been reported to the Pensions Regulator in the last quarter; performance had improved and the Regulator had asked that any further problems be reported. The Fund had charged employers for administration and interest during this period.

Members requested that there be a consistency of reporting period in future reports, and that reports include information on amounts outstanding in the past year as well as in the last quarter, to aid them in monitoring performance.

It was resolved to note the Administration Performance Report.

It was resolved to readmit the public to the meeting.

19. GOVERNANCE AND LEGISLATION REPORT

The Board received a report advising it of issues concerning the governance of the Local Government Pension Scheme (LGPS) and of potential, new, amending and overriding legislation that would have an impact on the management of the Scheme and on members' benefits.

Discussing the report, Board members

- sought further information about 'Tier 3 employers' and noted that this appeared to be a novel, unique expression for these types of bodies
- in relation to the High Court judgement in the case of *Elmes v. Essex*, noted that the only information that officers had so far received was a description from the Ministry of Housing, Communities and Local Government (MHCLG); only when

the transcript of the decision was received would officers be able to assess its significance for the Pension Fund, but it seemed likely that it would mean that it would be obliged to pay a pension to the partner of a deceased member who died without completing a nomination form between April 2008 and March 2014. A further issue for the Fund would be that child pensions had been paid at a higher rate than would have applied had a pension been being paid to the partner

- asked that the Elmes v. Essex judgement and its implications for the Fund be placed on the agenda plan for the Board's next meeting **Action required**
- noted that a skills and knowledge training day on governance issues was due to be held on 9 May 2018 at Wyboston Lakes.

It was resolved to note the content of the report.

20. STATUTORY AND NON-STATUTORY POLICIES AND STRATEGIES RELATING TO THE OPERATION, MANAGEMENT AND GOVERNANCE OF THE CAMBRIDGESHIRE PENSION FUND

The Board received a report setting out an overview of statutory and non-statutory policies and strategies relating to the operation, management and governance of the Cambridgeshire Pension Fund. Members noted that the page of the LGSS Pensions Service website on which the policies and strategies were published was about to be updated, and the Pension Committee was due to consider the policies on Conflicts of Interest, Record Keeping, and the Data Quality Improvement Plan at its meeting in March 2018; the Board would be looking at the Conflicts of Interest policy in April.

Discussing the report, Board members

- noted that their understanding of the position on responsibility for policies was correct; the Board was an advisory body and the Pensions Committee made decisions on policy, but the Board had a role in ensuring that there was a policy and that it was up to date
- enquired whether there was a mechanism for Board members to record scheme members' comments and queries to them about policies. Officers advised that Board members were welcome to report such matters to the Governance and Regulations Manager or the Governance Officer by email at any time. Policies were routinely reviewed annually, but if a Board member reported that a fundamental point had been raised, the policy could be reviewed earlier than planned, or if only a minor amendment was required, officers would note it for the next routine review.

The Chairman asked that a table be drawn up showing the policies, both statutory policies and those which were non-statutory but good practice, and that the table include the date when each policy was due for review. He also asked that the agenda plan include a standing item on policy monitoring. **Action required**

21. GENERAL DATA PROTECTION REGULATION

The Board received a report updating it on the work undertaken to achieve compliance with the General Data Protection Regulation. Members noted that this work was hampered by the general nature of much of the published guidance, and a lack of clarity about how it applied to pension schemes; for example, obtaining an expression of wish form from a scheme member involved collecting data on a person not in the scheme, which could be sensitive if the person did not know they had been nominated. Paper records were covered as well as digital ones, and it was necessary to specify what data was being held and the reason for holding it.

Discussing the report, Board members

- commented that the sending of a privacy notice to a nominee could be seen as informing them that they had been nominated and data was being held on them
- enquired what progress had been made on appointing the Data Protection Officer. Officers advised that there were in general two schools of thought on whom to appoint, either somebody already working in the Council's Information Governance Team, or somebody whose role would be explicitly that of a formal Data Protection Officer
- noted that, though considerable progress had been made towards compliance, work was still required in various areas, including corporate contracts. Printing and postage of communications such as pension newsletters and payslips had not got GDPR compliance, though that was a matter for the employing councils rather than the Pension Fund
- congratulated the Governance and Regulations Manager on the work done to date to achieve GDPR compliance.

The Chairman expressed the Board's thanks to staff for their work on GDPR.

It was resolved to note the contents of the report

22. FORWARD AGENDA PLAN

The Board considered its forward agenda plan, reiterating the earlier request to include a standing item on policies. Members also asked that the Pensions Board report be brought to the April meeting if possible.

Action required

It was resolved to note the agenda plan and additions made at the meeting.

23. EXCLUSION OF PRESS AND PUBLIC

It was resolved to:

Exclude the press and public from the meeting for the following item of business on the grounds that it contained 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).

24. OVERSEAS PENSIONERS PROOF OF EXISTENCE EXERCISE

The Board received a report on the effectiveness of an exercise to obtain proof of existence from pensioners resident overseas. Members noted that figures released in January 2014 by the Department of Work and Pensions had indicated that international pension fraud had cost the UK taxpayer around £50m in 2012-13, and that Internal Audit had recommended that such an exercise be conducted as members of the Fund living overseas were not included in the biennial National Fraud Initiative conducted by the Cabinet Office.

Discussing the report, members considered the methodology of the exercise, and enquired whether there would be any cost to pensioners arising from the need to provide proof of existence. Officers advised that the intention was that there should not be a cost.

Officers undertook to provide a further update on the exercise once it had been concluded.

Action required

It was resolved to note the contents of the report.

25. PROCUREMENT OF ACTUARIAL, BENEFITS AND GOVERNANCE CONSULTANCY SERVICES

The Board received a report setting out the results of the procurement exercise for the supply of Actuarial, Benefits and Governance Consultancy Services. Members noted that the exercise had been conducted in consultation with LGSS Procurement, who had ensured that due process had been followed.

It was resolved to note the update for the procurement of Actuarial, Benefits and Governance Consultancy Services.

26. ASSET POOLING UPDATE

The Board received a report updating it on progress on the asset pooling project, under which the Cambridgeshire Pension Fund has been working collaboratively with ten other Funds in the ACCESS pool to jointly meet the Government's published criteria on asset pooling within the Local Government Pension Scheme universe.

In discussion, members sought further information about aspects of the report, which officers noted and undertook to supply.

Action required

It was resolved to note the contents of the report.

Chairman



Introduction:

This log captures the actions arising from the Cambridgeshire Local Pension Board and will form an outstanding action update from meetings of the Committee to update Members on the progress on compliance in delivering the necessary actions.

This is the updated action log as at 9 April 2018.

Minute	Report Title	Action for	Action	Comments	Status	Due date
Minutes of 27 October 2017						
4.	Minutes	Joanne Walton	Circulate draft of next edition of 'Pensioner Matters' to Board members by email for comment. Check the accuracy of contact phone number on pension pay slip	The Employers Team have been made aware that the communication needs to be circulated to the Local Pension Board for review prior to being sent for publication.	Completed	
6.	Governance and Legislation Report	Mark Whitby	Include PFB's concerns at effect of exit cap on employees in response to forthcoming consultation on the issue	Officers would respond to the consultation at the appropriate time.	In progress	Upon release of the consultation
6.	Governance and Legislation Report	Mark Whitby	Arrange Local Pension Board Liability Insurance for Board members, to be in place by 16 February 2018	Pending approval from S151 Officer.	In progress	31 March 2018

Minute	Report Title	Action for	Action	Comments	Status	Due date
Minutes of 23 February 2018						
17.	Minutes and Action Log	Joanne Walton	1) Introduce the improved online benefits estimate system and	The new MSS upgraded version is in place and the new website is aimed to direct members to MSS for estimates rather than	Completed	

Minute	Report Title	Action for	Action	Comments	Status	Due date
			2) Resolve the question of enabling the online system to forecast post-retirement age benefits	complete estimate forms and submit to the service. There is still an issue with the calculation of post retirement estimates but due to the small volume this is not a priority to resolve at this current time.		
17.	Minutes and Action Log	Mark Whitby	Circulate details of Local Pension Board Liability Insurance cover to Board members as soon as it has been arranged.	Pending approval from S151 Officer.	In progress	31 March 2018
19.	Governance and Legislation Report	Ruth Yule	Place the Elmes v. Essex judgement and its implications for the Fund on the agenda plan for the Board's next meeting	An update will be provided at each meeting via the Governance and Legislation Report	Completed	
20.	Statutory and Non-Statutory Policies and Strategies etc.		1) Draw up a table of policies (statutory policies and non-statutory but good practice) with review dates 2) Include a standing item on policy monitoring on the agenda plan.	Policies will be monitored going forward via the Governance and Legislation Report	Completed	
22.	Forward Agenda Plan	Mark Whitby	Bring draft Pensions Board report to meeting on 20 April if possible	Added to agenda plan	Completed	
23.	Overseas Pensioners Proof of Existence Exercise	Joanne Walton	Bring further update on the exercise to the Board once it had been completed	Added to agenda plan as 'to be scheduled'	In progress	To be presented at the July 2018 meeting.
26.	Asset Pooling Update	Joanne Walton	Supply further information on aspects of the report, as noted at meeting	Verbal update to be provided at April meeting.	In progress	April meeting.

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

Date: 20 April 2018

Report by: Democratic Services Manager

Subject:	Cambridgeshire Pension Fund Board Annual Report 2017-18.
Purpose of the Report	To present the Cambridgeshire Pension Fund Board Annual Report 2017-18.
Recommendations	The Pension Fund Board is asked to approve its Annual Report 2017-18 subject to any changes made at the meeting and the inclusion of the 20 April 2018 meeting within the report.
Enquiries to:	Name – Michelle Rowe – Democratic Services Manager E-mail – michelle.rowe@cambridgeshire.gov.uk

1. Background

- 1.1 The Local Government Pension Scheme (LGPS) for Cambridgeshire, which is administered by the County Council, provides pensions and related benefits for employees of the County Council, Peterborough and Cambridge City Council, the five District Councils, and other public sector employers and bodies admitted to the Fund within the county.
- 1.2 Information about the LGPS for Cambridgeshire is included in the Annual Report of the Cambridgeshire Pension Fund Committee.
- 1.3 The Public Services Pensions Act 2013 requires all Public Service Pension Schemes to establish a Local Pension Board to assist the Administering Authority (Cambridgeshire County Council) to:
 - secure compliance with the LGPS regulations and other legislation relating to the governance and administration of the LGPS and also the requirements imposed by the Pensions Regulator in relation to the LGPS; and
 - ensure the effective and efficient governance and administration of the LGPS.

The Cambridgeshire Local Pension Board is in addition to the existing Cambridgeshire Pension Fund Committee. It is a non-decision making body and is designed to act as a critical friend to the existing Committee and Investment Sub-Committee.

- 1.4 The Cambridgeshire Local Pension Board comprises three scheme employer and three scheme member representatives and meets approximately four times a year.

2. Cambridgeshire Local Pension Fund Board Annual Report 2017-18

- 2.1 At its meeting on 27 October 2017, the Board asked to see the Annual Report for 2016-17. Due to timetabling requirements, the Report had been circulated to all members following the cancellation of the Board's July meeting and then published on the Pension Fund website.
- 2.2 The Board then asked at its meeting on 23 February 2018 that the draft Annual Report for 2017-18 be presented to the Board at the April meeting.
- 2.3 The Annual Report for 2017-18 is attached at **Appendix 1** and details the activities of the Pension Fund Board during that period, and the work programme for 2018-19.
- 2.4 Given the early presentation of this report, it will need to include a synopsis of the meeting of the Board to be held on 20 April 2018.
- 2.5 The Board is asked to consider and comment on the early draft of the Annual Report for 2017-18.

3. Finance & Resources Implications

- 3.1 Not applicable.

4. Risk Implications

- 4.1 Not applicable.

5. Communication Implications

- 5.1 Not applicable.

6. Legal Implications

- 6.1 Not applicable

7. Consultation with Key Advisers

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

8. Alternative Options Considered

- 8.1 Not applicable

9. Background Papers

- 9.1 Agenda and Minutes of Local Pension Fund Board meetings.
<https://cmis.cambridgeshire.gov.uk/ccclive/Committees/tabid/62/ctl/ViewCMISCommitteeDetails/mid/381/id/18/Default.aspx>

10. Appendices

- 10.1 Appendix 1-draft Cambridgeshire Local Pension Fund Board Annual Report 2017-18

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
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 Chief Finance Officer/Section 151 Officer?	N/A
Has this report been cleared by Head of Pensions?	Mark Whitby – 26 March 2018

Cambridgeshire Pension Fund Board

Annual Report 2017-18

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Chairman's Foreword

I am delighted, as Chairman of the Cambridgeshire Pension Fund Board, to introduce the third Cambridgeshire Pension Fund Board Annual Report, for 2017-18. The Board was established in accordance with the Public Service Pensions Act 2013. Our task is to assist Cambridgeshire County Council by making sure it is administering the Local Government Pension Scheme effectively and efficiently, and is compliant with the law.

As Chairman, I am keen for the Board to continue to work hard to protect both the interests of the Pension Fund and its members. One example of this is the concern we felt when considering legislation relating to cohabiting partners. The requirement for a nomination form to be completed by a scheme member has been removed for payment of partner benefits for cohabiting partners since 2014. This has left a question mark over the rights of a cohabitee whose partner dies between 2008 and 2014 without having completed the nomination form. Although it is not possible to go against legislation, we expressed disquiet at the unsatisfactory nature of the situation for the pension fund and its members, and will be making this a permanent agenda item whilst the impact of *Elmes v Essex* is decided.

We also considered the problem of securing payment from employers who cannot be ejected from the scheme because of their admission status. As a result, we proposed that legal advice be obtained as to what actions are available to pension funds to deal with such employers.

I welcome comments and feedback on the Local Government Pension Scheme from both employers and members, and encourage them to raise any issues of concern directly with me.

I am confident that the dedication and commitment of the current Board members will continue into 2018-19 in order to assist Cambridgeshire County Council in maintaining the high standards of the administration of the Fund.

Councillor Simon King
Chairman of Cambridgeshire Local Pension Board

Background

The Public Services Pensions Act 2013 requires all Public Service Pension Schemes to establish a Local Pension Board to assist the Administering Authority (Cambridgeshire County Council) to:

- secure compliance with the Local Government Pension Scheme (LGPS) regulations and other legislation relating to the governance and administration of the LGPS and also the requirements imposed by the Pensions Regulator in relation to the LGPS; and
- ensure the effective and efficient governance and administration of the LGPS.

The Cambridgeshire Local Pension Board is in addition to the existing Cambridgeshire Pension Fund Committee. It is a non-decision making body and is designed to act as a critical friend to the existing Committee and Investment Sub-Committee.

The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 relating to the creation and ongoing operation of the local pension boards were laid before Parliament on 28th January 2015 and came into force on 20th February 2015.

The Cambridgeshire Local Pension Board was established by Cambridgeshire County Council (the administering authority) at its full Council meeting on 24th March 2015. The first meeting of the Board was held on 16th July 2015.

Role and Remit

The role and remit of the Cambridgeshire Local Pension Board is to assist Cambridgeshire County Council (the administering authority) by making sure it is administering the Local Government Pension Scheme effectively and efficiently and, in doing so, is complying with relevant laws and regulations. The Board does this by reviewing the policies and practices that Cambridgeshire County Council has adopted and checking them against the applicable regulations, as well as comparing them to examples of best practice elsewhere.

Governance Compliance Statement

Each Administering Authority must have in place a Governance Compliance Statement that sets out whether it delegates its functions, or part of its functions, under the Regulations to a committee, a sub-committee or an officer of the authority. Where the Administering Authority does delegate its functions, the statement must include:

- the terms, structure and operational procedures of the delegation;
- the frequency of any committee or sub-committee meetings;
- whether such a committee or sub-committee includes representatives of scheme employers or members, and if so, whether those representatives have voting rights;
- the extent to which a delegation, or the absences of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and
- details of the terms, structure and operational procedures relating to the Local Pension Board.

Constitution and Membership

Cambridgeshire County Council approved the terms of reference for the Cambridgeshire Local Pension Board on the basis that the Board is a stand-alone authority. With the assistance of the Local Pension Board, it has also approved standing orders for the Board. A copy of both documents is available at the following link

<https://cmis.cambridgeshire.gov.uk/ccclive/Documents/PublicDocuments.aspx>
(see Part 3B - Responsibility for Functions, Committees of Council, Pension Fund Committee)

A Local Pension Board must include an equal number of employer and member representatives with a minimum requirement of no fewer than four in total. At its meeting on 24th March 2015, Cambridgeshire County Council agreed to establish a Local Pension Board with three employer representatives and three scheme member representatives. The term of appointment for all members is four years or until qualification for membership ceases.




The method of appointment is two employer representatives to be appointed by Cambridgeshire County Council Full Council and all other members to be appointed via an open and transparent selection process. An application pack containing the terms of reference and an outline of the knowledge and understanding and capacity requirements is available and advertised to employers and members within the Fund in a way that is compliant with the requirements set out in the Local Government Pension Scheme (LGPS) – Guidance on the Creation and Operation of Local Pension Boards in England and Wales whenever a new member is recruited. Following receipt of applications from potential representatives, a short listing and interview process involving the Council's Monitoring Officer or his representative determines that the representative has the required attributes to carry out the role effectively. At the request of the Board, the Monitoring Officer has agreed that the Chairman/woman and Vice-Chairman/woman of the Board can be involved in the interview process.

The membership of the Board is as set out overleaf:

Employer Representatives

		
Councillor Simon King Employer Representative	Councillor Ian Manning Employer Representative	Councillor Denis Payne Employer Representative
Cambridgeshire County Council Conservative Group	Cambridgeshire County Council Liberal Democrat Group	Histon and Impington Parish Councillor
Simon.King@cambridgeshire.gov.uk	manning.ian@gmail.com	denis@dwpayne.net
Appointed: 23 May 2017	Appointed: 23 May 2017	Appointed: 3 February 2017

Scheme Member Representatives

		
David Brooks Scheme Member Representative	Barry O'Sullivan Scheme Member Representative	John Stokes Scheme Member Representative
Former Vice- Principal – Business of The Thomas Deacon Academy	Cambridgeshire County Council Customer Service Advisor	Former Senior Architectural Technologist
	Barry.O'Sullivan@cambridgeshire.gov.uk	
Appointed: 21 October 2015	Appointed: 16 July 2015	Appointed: 16 July 2015

The Chairman/woman and Vice-Chairman/woman of the Board are elected by the Board on annual basis.

The current Chairman is Councillor Simon King and the Vice-Chairman is David Brooks.

The Board has met three times during the period of this Annual Report. The meeting scheduled for July had to be cancelled due to members' lack of availability. Unfortunately given the August holiday period, it was not possible to reschedule it before the October meeting.

The attendance record for members of the Board is detailed below:

Employer Representatives				Scheme Member Representatives		
Date	Cllr Simon King	Cllr Ian Manning	Cllr Denis Payne	David Brooks	Barry O'Sullivan	John Stokes
27 October 2017	Attended	Not in attendance	Attended	Attended	Attended	Attended
23 February 2018	Attended	Not in attendance	Attended	Attended	Attended	Apologies
20 April 2018						

Code of Conduct and Conflicts Policy

Cambridgeshire County Council (the Administering Authority) is required to prepare and approve a code of conduct for the Board to adopt. The code of conduct should set out the standards of behaviour expected of members, incorporating the 'Seven Principles of Public Life' (known as the Nolan Principles).

The elected and co-opted members of a local authority are governed by their local authority's code of conduct for councillors. This code is required of every local authority by the Localism Act 2011 and sets out the standards of behaviour expected of individuals in their capacity as councillors. In addition, there is a legal obligation for councillors to disclose, in a register maintained by the authority's monitoring officer, certain pecuniary interests, as defined in regulations made under the 2011 Act. Both of these requirements apply to any members of a Local Pension Board who are also councillors of a local authority. They do not apply to members of a Local Pension Board who are not Councillors unless they are specifically adopted in terms of reference or other policy document to apply to the other members of the Board.

The Cambridgeshire Local Pension Board has agreed formally, at its meeting on 21st October 2015, to adopt the Cambridgeshire County Council Code of Conduct for all members of the Board. A link to the completed code of conduct forms for Councillor Board members is available below:

<https://cmis.cambridgeshire.gov.uk/ccclive/Councillors.aspx>

The code of conduct forms for non-Councillor members are retained by the Democratic Services Officer, Ruth Yule, supporting the Board.

It is not anticipated that significant conflicts of interest will arise in the same way as would be the case if the Board was making decisions on a regular basis (compared, for example, to a Pensions Committee). However, officers will take steps to identify, monitor and manage conflicts effectively.

Knowledge and Understanding

In accordance with Section 248A of the Pensions Act 2004, every individual who is a member of a Local Pension Board must be conversant with:

- the rules of the Local Government Pension Scheme (LGPS)
- any document recording policy about the administration of the Fund which is for the time being adopted in relation to the Fund.

Each individual must have knowledge and understanding of the law relating to pensions and such other matters as may be prescribed.

Cambridgeshire County Council (the Administering Authority) is required to make appropriate training to Local Pension Board members to assist them in undertaking their role and where possible support all members of the Board in undertaking that training.

The Board approved the Knowledge and Understanding Policy Framework for Cambridgeshire Pension Fund Board Members which is available at the following link (*see item 7*):

<http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/Meeting.aspx?meetingID=1069>

The Pensions Regulator has provided an e-learning programme which has been developed to meet the needs of all members of public sector scheme pension boards, whether or not they have access to other learning. The majority of members of the Cambridgeshire Local Pension Board have already completed the Pension Regulator's Toolkit, which is a compulsory requirement under the Knowledge Management Policy. Members who have not completed the Toolkit have been contacted with a reminder and provided with a link as follows:

<http://www.thepensionsregulator.gov.uk/public-service-schemes/learn-about-managing-public-service-schemes.aspx>

The Local Pension Board is required to keep appropriate records of the learning activities of individual members and the Local Pension Board as a whole. This will assist members in demonstrating their compliance, if necessary, with the legal requirement and how they have mitigated risks associated with knowledge gaps. It is a statutory requirement to include details of the training undertaken by members of the Pension Fund Board in the Fund's Annual Report. In addition, this information may be required by other agencies such as the Pensions Regulator from time to time.

A schedule detailing the training undertaken by Cambridgeshire Local Pension Board members is detailed below:

Member	Event	Date
Cllr Simon King	Statutory and non-statutory policies – training item	23/2/2018
	Cross Pool Open Forum	27/3/2018
Cllr Ian Manning	None	
Cllr Denis Payne	Completion of the Pension Regulator's Toolkit	28/2/2017
	Training Needs Analysis	7/3/2017
	Local Pension Board Two Years on Seminar	28/6/2017
	Pension Information Day	5/7/2017
	LGC Investment Summit	7-8/9/2017
	Pension Information Day	22/11/2017
	Employers Forum	29/11/2017
	Statutory and non-statutory policies – training item	23/2/2018
Barry O'Sullivan	LGA Local Pension Board Training	21/05/2015
	LGSS Joint Local Pension Board Training	1/09/2015
	UBS First Steps	3/11/2015
	UBS Second Steps	3/11/2015
	LGSS Valuation Training	3/02/2016
	Local Pension Board Seminar	29/6/2016
	Pension Ombudsman Case Study - Training item	22/7/2016
	Completion of the Pension Regulator's Toolkit	November 2016
	LGC Investment Seminar	3/2/2017
	Local Pension Board Two years on Seminar	28/6/2017
	Pension Information Day	5/7/2017
	Unison Eastern Regional pensions forum	22/9/2017
	Pension Information Day	6/10/2017
	Pension Information Day	22/11/2017
	Training Needs Analysis	6/12/2017
	National LGPS Seminar	10/1/2018
	Statutory and non-statutory policies – training item	23/2/2018

John Stokes	LGA Local Pension Board Training LGSS Joint Local Pension Board Training LGSS Pensions Liability Driven Investment & Passive Investment Training Day LGSS Valuation Training Completion of the Pension Regulator's Toolkit Pension Ombudsman Case Study - Training item Schroders Trustee Training LGC Investment Seminar Local Pension Board 2 Years on Seminar Pension Information Day LGC Investment Summit Pension Information Day Training Needs Analysis LAPFF Conference	21/05/2015 1/09/2015 27/10/2015 3/2/2016 22/6/2016 10/6/2016 2/3/2017 28/6/2017 5/7/2017 7-8/9/2017 6/10/2017 6/12/2017 6-8/12/2017
David Brooks	Completion of the Pension Regulator's Toolkit Pension Ombudsman Case Study - Training item 14th Annual Trustee Conference Pension Information Day Training Needs Analysis Statutory and non-statutory policies – training item	17/2/2016 22/6/2016 29/6/2017 6/10/2017 6/12/2017 23/2/2018

A Local Pension Board is also required to prepare and keep updated a list of the core documents recording policy about the administration of the Fund and make sure that the list and documents (as well as the rules of the LGPS) are accessible to its members. The LGSS Pensions Team has prepared such a list for Cambridgeshire Local Pension Board members, which is available at the following link:

<http://pensions.cambridgeshire.gov.uk/index.php/governance2/key-documents>

At its meeting in January 2017, the Board approved the Cambridgeshire Pension Fund Training Strategy 2016. The Strategy is based on a training credits concept reflecting a mix of training from e-learning to training days which recognises people's commitments. The Training Strategy is currently under review and is due to be delivered at the October 2018 meeting.

Reporting Breaches of the Law to the Pensions Regulator Policy

In accordance with section 70 of the Pensions Act 2004, certain individuals must report to the Pensions Regulator as soon as reasonably practicable where that individual has reasonable cause to believe that:

- a duty which is relevant to the administration of the LGPS, and is imposed by or by virtue of an enactment or rule of law, has not been or is not being complied with; and
- the failure to comply is likely to be of material significance to the Regulator in the exercise of any its functions.

This obligation directly applies to each individual who is a member of the Local Pension Board. The Local Pension Board must therefore have effective arrangements in place to meet its duty to report breaches of law.

At its meeting on 21st October 2015, the Cambridgeshire Local Pension Board was informed that, in line with the Pensions Regulator's Code of Practice number 14 (Governance and administration of public service pension schemes), the Fund has developed a policy that sets out the mechanism for reporting breaches of the law.

The policy ensures that those with a responsibility to report breaches of the law are able to meet their legal obligations, by analysing situations effectively in order to make an informed decision on whether a breach has been made.

As the Cambridgeshire Pension Fund Board does not have decision making powers, the Board is not able to approve this policy. Instead it reviewed the Policy on 21st October 2015 before it was approved by the Pension Fund Committee at its meeting on 22nd October 2015. The Policy is due to be reviewed in the 2018/19 financial year.

A copy of the "Reporting Breaches of the Law to the Pensions Regulator Policy" is available at the following link:

<http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/Meeting.aspx?meetingID=1070>

Work Programme 2017-18

The Cambridgeshire Local Pension Fund Board has met three times in 2017-18, on 27th October 2017, 23rd February 2018 and 20th April 2018.

Board Meeting – 27th October 2017

This was the first meeting of the Board in the municipal year. The meeting scheduled for July had been cancelled due to members' lack of availability. Unfortunately given the August holiday period, it was not possible to reschedule it before this meeting.

At the meeting, the Board considered its Terms of Reference and Standing Orders. Members queried the rationale for a four-year term of appointment for Board members, given the length of time required for a member to become fully conversant with the range, knowledge and understanding required to do the job. They therefore welcomed the fact that they were free to stand for an additional term of office if they so wished.

The Board considered cohabiting partner's legislation and noted that the requirement for a nomination form to be completed by a scheme member had been removed for payment of partner benefits for cohabiting partners. This now left a question mark over the rights of a cohabitee whose partner died between 2008 and 2014 without having completed the nomination form. Whilst the Board had been informed that it was not possible to go against legislation, it did express disquiet at the unsatisfactory nature of the situation for both pension funds and their members.

Members were concerned to be informed that changes to exit payment reform would affect a large number of employees and could prevent them from receiving their full entitlement. It was noted that how the exit cap would work in practice was to be the subject of a consultation. Members asked to be kept informed on which funds in the ACCESS pool, and smaller funds retained locally, had or had not signed up to the Transparency Code.

The Board considered the problem of securing payment from academies. It was proposed that legal advice be sought to understand what actions were available when dealing with late-paying employers who could not be ejected from the scheme because of their admission status.

Members also received an overview of the General Data Protection Regulation and a plan of action to ensure compliance with the regulation. Training will be provided to Board members in the longer term to help them judge how the requirements were being implemented.

The Board also considered reports on data quality, the revised Governance Policy and Governance Compliance Statement, the Cambridgeshire Pension Fund Anti-Fraud and Corruption Policy, and an update on the procurement of Actuarial, Benefits and Governance Consultancy and Governance Consultancy.

Board Meeting – 23rd February 2018

The Board examined a confidential analysis of late payment of employer and employee contributions. It was noted that two employers who had persistently been being paying late had been reported to the Pensions Regulator.

In considering the governance of the Local Government Pension Scheme and the impact of potential, new, amending and overriding legislation that would have an impact on the Scheme and on members' benefits, the Board noted the High Court judgement in the case of Elmes versus Essex. It was likely that the Pension Fund would be obliged to pay a pension to the partner of a deceased member who died without completing a nomination form between April 2008 and March 2014 providing the eligibility criteria could be met.

The Board has a role in ensuring that the Pension Fund has policies and that they are up to date. As such, the Chairman has requested that a table be drawn up showing the policies, both statutory policies and those which are non-statutory but good practice, and that the table include the date when each policy is due for review. This will be included as a standard item on policy monitoring.

Members also received an update on the work to achieve compliance with the General Data Protection Regulation, a report on the effectiveness of an exercise to obtain proof of existence from pensions' residents overseas, the results of the procurement exercise for the supply of Actuarial, Benefits and Governance Consultancy Services, and an update on Asset Pooling.

Board Meeting – 20th April 2018

To be completed following meeting.

Work Programme 2018-19

The Cambridgeshire Local Pension Board maintains a work programme (agenda plan) which is considered at every meeting. The Work Programme for 2018-19 is as set out below:

6 July 2018

- Pension Fund Committee minutes
- Administration Report (every meeting)
- Governance and Compliance (every meeting)
- Asset Pooling (every meeting)
- Implementation of the General Data Protection Regulation
- Overpayments Policy
- Conclusion of Western Union Project
- Communication Plan

19 October 2018

- Pension Fund Committee minutes
- Administration Report (every meeting)
- Governance and Compliance (every meeting)
- Asset Pooling update (every meeting)
- Annual Report and Statement of Accounts
- Training Policy Review

15 February 2019

- Pension Fund Committee minutes
- Administration Report (every meeting)
- Governance and Compliance (every meeting)
- Asset Pooling update (every meeting)

3 May 2019

- Pension Fund Committee minutes
- Administration Report (every meeting)
- Governance and Compliance (every meeting)
- Asset Pooling update (every meeting)

Key Officers supporting the Local Pension Board

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**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

Date: 20 April 2018

Report by: Head of Pensions

Subject:	LGSS Pensions Service Administration Performance Report
Purpose of the Report	To present the Administration Performance Report to the Pension Fund Board
Recommendations	The Pension Fund Board are asked to note the Administration Performance Report
Enquiries to:	Name – Michelle Oakensen – LGSS Pensions Governance Officer E-mail – moakensen@northamptonshire.gov.uk

1. Background

- 1.1 One of the core functions of the Pension Fund Board (the Local Pension Board) 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 Board.

2. Administration Reporting

2.1 Receipt of Employee and Employer Contributions

- 2.1.1 The following table 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 (after the 19th of the month following deduction) for the period 1 January 2018 to 28 February 2018.

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
March 2017	98.0	2.0	94.4	5.6
April 2017	96.4	3.6	97.8	2.2
May 2017	97.7	2.3	91.7	8.3

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
June 2017	98.0	2.0	96.0	4.0
July 2017	95.3	4.7	94.3	5.7
August 2017	97.6	2.4	97.3	2.7
September 2017	98.0	2.0	97.7	2.3
October 2017	97.2	2.8	95.8	4.2
November 2017	98.8	1.2	98.4	1.6
December 2017	99.1	0.9	99.1	0.9
January 2018	98.6	1.4	98.6	1.4
February 2018	99.3	0.7	99.3	0.7
Average for period	97.8	2.2	96.7	3.3

2.1.2 An analysis of late payments for the quarter can be found in **Appendix 1** of the report (**Private**). Late payments to the Fund are constituted any contribution payment that has not cleared in the Fund account by the 19th of the following month of deduction. However, due to overriding Pension Regulator rules on receipt of payment by BACS we need to allow a further 2 working days for these payments to clear before they can be regarded as late. As such we are only able to report to the Pensions Regulator after the 21st. The 0.7% of employers that paid late for February fell into this category.

2.1.3 Persistent late payments and submission of accompanying payment schedules are monitored closely and officers work in close liaison with scheme employers and third party payroll providers to resolve issues.

2.2 Overpayments of Pension

2.2.1 The table below shows all the overpayments of pension that have occurred in the Cambridgeshire Pension Fund, split by categories of explanation, during the period 1 February 2018 to 31 March 2018.

Overpayment Type	Action	Amount	Total
Death of a Pensioner/Dependant	Written off	£4,461.41 (41 cases)	£14,942.84 (50 cases)
	Recovery	£10,481.43 (9 cases)	
Retirement	Written off	£0	£0
	Recovery	£0	

2.2.2 During the period 1 February 2018 to 31 March 2018, 50 scheme members passed away and the date of notification to the Fund resulted in an overpayment of the late member's pension. Of the overpayments, 41 were automatically written off as the value of the overpayment was less than £250. The remaining 9 cases are currently being pursued for recovery of the overpayments.

2.2.3 Due to the transition to Agresso, information on any overpayments recovered in this period was not available and will be reported within the Annual Report and Statement of Accounts.

2.3 Key Performance Indicators – LGSS Pensions Service

2.3.1 The Pension Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of LGSS Pensions Service.

2.3.2 The performance for LGSS Pensions against the 6 key performance indicators for February 2018 can be found in **appendix 2**.

2.4 Key Performance Indicators – Scheme Employer Performance

2.4.1 The following key performance indicators, as agreed by the Pension Committee, are based on the performance of the scheme's employers for the period 1 January 2018 to 28 February 2018 are detailed in the table below.

KPI	Target	Jan	Feb
Arrange for the correct deduction of employee and employer contributions to Pension Fund in a timely manner, providing an associated monthly statement/schedule in a format acceptable to the Administering Authority.	100%	98.6	99.3

2.4.2 Employer performance continues to be managed by officers and progress continues to be made. Close liaison with employers in regards to the timely submission of both payments and schedules in order for them to meet statutory compliance.

3. Relevant Pension Fund Objective

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

4. Finance & Resources Implications

4.1 The financial and resource implications are set out in the Business Plan.

5. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with managing the administration performance of the scheme.	Key areas of control to be reported to the Pension Committee and Pension Fund Board are highlighted in the Fund's Business Plan.	Green

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

Risk	Risk Rating
If the Fund does not monitor and report administration standards the Fund will not demonstrate that it has appropriate control over the management of its core functions.	Green

6. Communication Implications

Direct Communications	The Fund publishes its performance against the key performance indicators in the regular reports to the Pension Committee and Pension Fund Board and in the Fund's Annual Report.
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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 Not applicable

11. Appendices

11.1 Appendix 1 Late payments of employee and employer contributions (Private)

11.2 Appendix 2 Key performance indicators – LGSS Pensions Service

Checklist of Key Approvals	
Has this report been cleared by Governance and Regulations Manager?	Joanne Walton – 4 April 2018

Appendix 2 – KPI Analysis for February 2018								
Function/Task	Indicator	Target	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%	297	297	0	100%	G	SLA target met.
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%	20	19	1	95%	G	SLA target met.
Award dependant benefits – Statutory	Issue award within 5 working days of receiving all necessary information.	95%	21	21	0	100%	G	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%	67	62	5	92%	G	SLA target met.
Provide transfer-in quote to scheme member – Statutory	Letter issued within 10 working days of receipt of all appropriate information.	95%	10	10	0	100%	G	SLA target met.
Payment of transfer out – Statutory	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	10	10	0	100%	G	SLA target met.

Green:

- Equal to or above 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.

**CAMBRIDGESHIRE PENSION
FUND**



Pension Fund Board

Date: 20 April 2018

Report by: Head of Pensions

Subject:	Governance and Legislation Report
Purpose of the Report	To provide the Pension Fund Board with: 1) Information on potential, new or amending legislation affecting the LGPS; 2) Information on other pensions legislation; 3) Activities of the LGPS Scheme Advisory Board and the Pensions Regulator; 4) Information on issues concerning the governance of the Local Government Pension Scheme (LGPS) on a national and local basis; and 5) Skills and knowledge opportunities.
Recommendations	That the Pension Fund Board notes the content of the report.
Enquiries to:	Jo Walton – Governance and Regulations Manager, LGSS Pensions Service E-mail: jwalton@northamptonshire.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. Contracted-out reconciliation exercise

- 2.1 On 8 February 2018, the Local Government Pensions Committee (LGPC) issued a survey to administering authorities in England & Wales. The aim of the survey was to determine what stage administering authorities are at with their contracted-out reconciliation exercise.
- 2.2 The results of the survey shows that administering authorities are at different stages in respect of their individual types of members (e.g. active, deferred and pensioners).

- 2.3 The table shows ‘worst’ and ‘best’ case scenarios i.e. if an administering authority is at:
- stage 4 for pensioners and stage 2 for actives and deferred – then the ‘worst’ case scenario shows the administering authority at stage 2, or
 - stage 4 for pensioners and stage 2 for actives and deferred – then the ‘best’ case scenario shows the administering authority at stage 4.

Stage	Description of Stage	No. of administering authorities at this stage	
		Worst case scenario	Best case scenario
Stage 0	Administering authority has yet to start the exercise	8	4
Stage 1	Compare administering authority data with HMRC data	20	13
Stage 2	Review data inconsistencies, raise with HMRC, agree outcome	51	42
Stage 3	Rectification	9	25
Stage 4	Reconciliation complete	0	4

- 2.4 Cambridgeshire Pension Fund is at stage 2 for all categories of membership.

3. Pensions Dashboard Update

- 3.1 On 13 February 2018, the LGPC Secretariat attended an informal discussion with the Department for Work and Pensions (DWP) and other public service pension schemes about the Pensions Dashboard. DWP are in the process of conducting a feasibility project to explore the options for delivering the pensions dashboard; as part of this work they are seeking the input and views from stakeholders.

4. High Court judgement in the case of Elmes v Essex

- 4.1 This case concerns Nichola Elmes versus Essex County Council with an interested party of the Ministry of Housing, Communities and Local Government (MHCLG) which is similar to that decided upon in the Supreme Court on 8 February 2017 (Brewster v NILGOSC, the Northern Ireland LGPS).
- 4.2 This case was heard before the High Court on 18 January 2018 and it is understood that the outcome of this case effectively removes the requirement for a nomination form from regulations and enables an LGPS administering authority to pay a partner’s pension, to the partner (who meets the definition of co-habiting partner set out in the LGPS Regulations 2013) of a deceased member who died without completing a nomination form, and who left active membership on or after 1 April 2008 and before 1 April 2014.
- 4.3 The full rationale around this ruling is still awaited and upon receipt MHCLG are expected to provide guidance on how administering authorities can move forward with any cases that they may have.

5. The Pensions Advisory Service dispute function moves to the Pensions Ombudsman

- 5.1 The LGPC Secretariat has been notified that the Pensions Advisory Service's (TPAS) dispute resolution function is moving to The Pensions Ombudsman (TPO). The move includes the transfer of the TPAS dispute resolution team and volunteer network of over 350 advisers. The transfer was expected to be completed by 1 March 2018.
- 5.2 At present customers can approach both TPO and TPAS for help when dealing with a pension complaint. TPAS usually focussed on complaints before the pension scheme's internal dispute resolution procedure (IDRP) had been completed, whilst TPO typically deals with complaints that have been through IDRP
- 5.3 Customers will be able to access all pension dispute resolution, previously handled by two services, whether pre or post IDRP, in one place, leading to a smoother customer journey and improved complaint handling. TPAS will continue to focus on providing pension information and guidance, and will become an integral part of the new Single Financial Guidance Body.

6. Consultations

6.1 Insolvency regime for further education and sixth form colleges: technical consultation – Local Government Association response

- 6.1.1 The Local Government Association (LGA) responded to the above consultation on 7 February 2018, a copy of the response can be found at the following link:

<http://lgpslibrary.org/assets/cons/nonscheme/20180207IR.pdf>

- 6.1.2 Officers were in discussions with LGA regarding the submission and had input via the LGA response which asks that appointed education administrator puts in place the appropriate safeguards to ensure that an insolvent institution does not result in its LGPS liabilities being met by other employers within the fund.

7. Skills and knowledge opportunities.

7.1 Training Events

- 7.1.1 Section 248A of The Pensions Act 2004 as incorporated within The Pensions Regulator's Code of Practice (Governance and administration of public service pension schemes) requires all members of the Pensions Committee to maintain the necessary skills and knowledge to undertake their role effectively.
- 7.1.2 In order to facilitate the acquisition of skills and knowledge for members of the Pension Committee, appendix 1 lists all events that are deemed useful and appropriate.
- 7.1.3 Requests to attend events will be facilitated by the Governance Team. It may be necessary to restrict numbers of attendees on some courses through reasons of cost.

8. Policy Monitoring

Policy/Strategy	Review by	Status	Comments
Overpayments of Pension Policy	31 March 2018	Delayed – in progress	Policy being taken to the June Pensions Committee meeting. Delay due to further legal advice being sought.
Annual Business Plan and Medium Term Strategy	31 March 2018	Completed	Presented at the March Pensions Committee Meeting and approved.
Training Strategy	31 March 2018	In progress	One combined policy for the Pension Committee and Local Pension Board. Pre scrutiny of the Board in October and to seek approval of the Committee in December.
Conflicts of Interest Policy	31 March 2018	In progress	Policy has been created and is due for pre scrutiny at this meeting before seeking Committee approval in June.
Investment Strategy Statement	30 April 2018	Completed	Presented at the March Pensions Committee Meeting and approved.
Admitted Bodies, Scheme Employers and Bulk Transfer Payments	30 April 2018	In progress	Only minor amends expected, judgement will be used on whether needs to be presented again to the Committee or Board
Cash Management Strategy	30 April 2018	Delayed	This review has been scheduled for later in the year due to the implementation of Agresso which will impact the strategy. Due to be presented to the Committee in December.
Reporting Breaches of the Law to the Pensions Regulator Policy	30 April 2018	In progress	Only minor amends expected, judgement will be used on whether needs to be presented again to the Committee or Board
Risk Strategy	30 April 2018	In progress	Only minor amends expected, judgement will be used on whether needs to be presented again to the Committee or Board.

9. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>Objective 1</i>
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. <i>Objective 2</i>
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. <i>Objective 3</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>

10. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There is no risk associated with this report as it is a note report.		Green

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

Risk	Risk Rating
That the Committee are ill-informed about important consultations and changes affecting the Fund they are responsible for administering	Green

11. Finance & Resources Implications

11.1 Not applicable

12. Communication Implications

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.
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13. Legal Implications

13.1 There are no legal implications connected to the contents of this report.

14. Consultation with Key Advisers

14.1 There has been no requirement to consult with advisers over the content of this report.

15. Alternative Options Considered

15.1 There are no alternative options to be considered.

16. Background Papers

16.1 Not applicable

17. Appendices

17.1 Appendix 1 - List of training events/conferences.

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
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 Head of Pensions?	Mark Whitby – 28 March 2018

Appendix 1 - Internal/External training and events 2018-2019				
Date	Event	Training Credits	Target Audience	Website Link
7 February 2018	LGSS Pensions Information Day	2	Officers, Committee/ Board Members	In house ACCESS – appointment of operator
23 February 2018	Schroders Trustee Training (Part 1)	2	Officers, Committee/ Board Members	https://www.schrodersevents.co.uk/schroders/frontend/reg/thome.csp?pageID=474304&eventID=1363&traceRedir=2&eventID=1363 The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them
26 February 2018	Local Pension Board – Spring Seminar	2	Board Members	https://www.barnett-waddingham.co.uk/events/2018/02/26/lgps-local-pension-board-members-spring-seminar The latest updates on governance and the LGPS, including a focus on key emerging issues. It will also provide opportunities for discussion on the issues you face and for networking with Board members from other funds
1–2 March 2018	LGC Investment Seminar	4	Officers, Committee/ Board Members	https://investmentseminar.lgcplus.com/ Keeping the LGPS affordable and accessible through austerity and uncertain times.
16 March 2018	Schroders Trustee Training (Part 2)	2	Officers, Committee/ Board Members	https://www.schrodersevents.co.uk/schroders/frontend/reg/thome.csp?pageID=474304&eventID=1363&traceRedir=2&eventID=1363 The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them
9 May 2018	CIPFA Framework Governance Module	2	Officers, Committee/ Board Members	In house/ AON Hewitt
21-23 May 2018	PLSA Local Authority Conference	4	Officers, Committee/ Board Members	https://www.plsa.co.uk/Events/Local-Authority-Conference
27 June 2018	LGPS Local Pension Boards Three Years on	2	Board Members	http://www.cipfa.org/training/l/lgps-local-pension-boards--three-years-on-20180627

4 July 2018	LGSS Pension Information Day	2	Officers, Committee/ Board Members	In house
3-5 July 2018	LGA Annual Conference and Exhibition 2018	4	Officers, Committee/ Board Members	https://www.local.gov.uk/events The conference provides plenty of opportunities for delegates to engage in a range of sessions on how innovation and good practice can deliver the best local public services for our communities.
11–12 July 2018	Heywood Class Group AGM	4	Officers	https://www.aquilauk.co.uk/
12-13 July 2018	LGC Pension Fund Symposium	4	Officers	https://pensionfund.lgcplus.com/
6-7 September 2018	LGC Investment Summit 2018	4	Officers, Committee/ Board Members	https://investmentsummit.lgcplus.com/
26 September 2018	Introduction to the LGPS	2	Officers, Committee/ Board Members	http://www.cipfa.org/training/i/introduction-to-the-lgps-20180926 Aimed at new or inexperienced officers and elected members this course, based on the CIPFA knowledge and skills framework.
5 October 2018	LGSS Pension Information Day	2	Officers, Committee/ Board Members	In house
12 October 2018	Schroders Trustee Training (Part 1)	2	Officers, Committee/ Board Members	https://www.schrodersevents.co.uk/schroders/frontend/reg/thome.csp?pageID=474304&eventID=1363&traceRedir=2&eventID=1363 The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them
2 November 2018	Schroders Trustee Training (Part 1)	2	Officers, Committee/ Board Members	https://www.schrodersevents.co.uk/schroders/frontend/reg/thome.csp?pageID=474304&eventID=1363&traceRedir=2&eventID=1363 The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them

5-7 December 2018	LAPFF Annual Conference	4	Officers, Committee/ Board Members	http://www.lapfforum.org/events/lapff-conference/
TBC	UBS First Steps Seminar	2	Officers, Committee/ Board Members	
TBC	UBS Second Steps Seminar	2	Officers, Committee/ Board Members	
TBC	Pension Managers Annual Conference	4	Officers, Committee/ Board Members	
TBC	PLSA Annual Conference	4	Officers, Committee/ Board Members	
13 February 2019	LGSS Pension Information Day	2	Officers, Committee/ Board Members	In house

Core training has been highlighted in the plan above. Future dates of the CIPFA modules will be distributed shortly and will also be classed as core training.

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 20 April 2018

Report by: Head of Pensions

Subject:	Cambridgeshire Pension Fund Conflicts of Interest Policy
Purpose of the Report	To present the Conflicts of Interest Policy to the Pension Fund Board.
Recommendations	The Board are asked to approve the attached Conflicts of Interest Policy
Enquiries to:	Michelle Oakensen, Governance Officer moakensen@northamptonshire.gov.uk

1. Background

- 1.1 To ensure effective governance of the Fund it is appropriate to have in place an appropriate Conflicts of Interest Policy in the event that a conflict of interest may arise. All conflicts whether potential or actual must be managed appropriately and to ensure that the correct course of action has been taken.
- 1.2 The Policy sets out the way in which conflicts of interest will be managed by Cambridgeshire County Council as the administering authority of the Cambridgeshire Pension Fund in respect of the Local Pension Board.
- 1.3 County Councillor elected members of the Local Pension Board are covered by the Code of Conduct for Cambridgeshire County Council as the administering authority, which includes conflicts of interest. As the Local Pension Board is not a County Council s101 committee it is important that non-elected members of the Local Pension Board are covered by this policy.

2. Legal Requirements

- 2.1 The overriding requirements in relation to the management of potential or actual conflicts of interest for those involved in the administration and governance of LGPS funds are contained in various elements of legislation and guidance.
- 2.2 The Public Service Pensions Act 2013 requires that the scheme manager (in the case of the LGPS, this is the administering authority) must be satisfied that a Pension Board member does not have a conflict of interest at the point of appointment and from time to time thereafter. It also requires pension board members to provide reasonable information to the scheme manager for this purpose.
- 2.3 The Local Government Pension Scheme Regulations 2013 place duty on each administering authority to satisfy itself that pension board members do not have

conflicts of interest on appointment or whilst they are members of the board. It also requires those pension board members to provide reasonable information to the administering authority in this regard.

- 2.4 Regulation 109 of the Local Government Pension Scheme Regulations 2013 states that each administering authority must have regard to guidance issued by the Secretary of State in relation to pension boards. Regulation 110 provides that the national scheme advisory board has a function of providing advice to administering authorities and pension boards
- 2.5 The Public Service Pensions Act 2013 also added a number of provisions to the Pensions Act 2004 related to the governance of public service pension schemes and, in particular, conflicts of interest. Section 90A requires the Pensions Regulator to issue a code of practice relating to conflicts of interest for pension board members. The Pensions Regulator has issued such a code and this Conflicts of Interest Policy has been developed having regard to that code.
- 2.6 The Local Government Act 2000, The Localism Act 2011 and the Seven Principles of Public Life also provide legislative context around conflicts of interest.

3 Responsibility

- 3.1 Cambridgeshire County Council as the administering authority for the Cambridgeshire Pension Fund must be satisfied that conflicts of interest are appropriately managed. For this purpose, Democratic Services are responsible for ensuring the operational procedure is carried out.
- 3.2 It is the responsibility of each individual covered by the Policy to identify any potential instances where their personal, financial, business or other interests might come into conflict with their pension fund duties

4. Operational procedure for pension board members

- 4.1 The operational procedure sets out three areas for managing conflicts of interest:
 - 1) initial identification;
 - 2) ongoing notification; and
 - 3) periodic review and demonstrates how each should be achieved.

5. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
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 manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

6. Finance & Resources Implications

6.1 Not applicable

7. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
Insufficient training or poor understanding in relation to individuals' roles on pension fund matters Insufficient training or failure to communicate the requirements of this Policy Absence of the individual nominated to manage the operational aspects of this Policy and no one deputising, or failure of that individual to carry out the operational aspects in accordance with this Policy Failure by a chairperson to take appropriate action when a conflict is highlighted at a meeting.	Democratic Services and Chairperson to monitor and manage conflicts appropriately.	Amber

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

Risk	Risk Rating
If the Fund does not have a Conflicts of Interest Policy in place, the Fund will have significant lack of understanding and control on the potential conflicts that could arise.	Red

8. Communication Implications

Direct Communications	The Conflicts of Interest Policy will be presented to the Local Pension Board for approval.
Website	The Conflicts of Interest Policy will be published on the LGSS Pensions Website

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 other options to consider.

12. Background Papers

12.1 Not applicable

13. Appendices

13.1 Appendix 1 – Conflicts of Interest Policy 2018

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
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 Head of Pensions?	Mark Whitby – 28 March 2018

Conflicts of Interest Policy 2018

Cambridgeshire Pension Fund

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1. Introduction

- 1.1 This is the Conflicts of Interest Policy for Cambridgeshire Pension Fund which is managed by Cambridgeshire County Council (the Administering Authority).
- 1.2 This Conflicts of Interest Policy is established to guide Pension Board members, officers and advisers. It aims to ensure that those individuals do not act improperly or create a perception that they may have acted improperly. It is an aid to good governance, encouraging transparency and minimising the risk of any matter prejudicing decision making or management of the Fund otherwise.
- 1.3 In common with other administering authorities, Cambridgeshire County Council has a fiduciary and legal duty to act in the best interest of both scheme beneficiaries and participating employers. It should be noted that this does not prevent those involved in the management of the fund from undertaking other roles which may result in a conflict of interest arising. Accordingly, Cambridgeshire County Council has adopted this policy as a framework for how such conflicts or potential conflicts are to be managed.
- 1.4 The policy sets out the procedures in place to ensure that interests are declared, potential conflicts are identified and individuals are trained and receive advice on conflicts. Cambridgeshire County Council will keep appointments under review and also monitor whether appointed members have potential conflicts of interest and are declaring them appropriately. This will be reported via Cambridgeshire Pension Fund Annual Report.

2. Policy Objectives

2.1 The Fund's objectives relating to conflicts of interest are:

- To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislations and statutory guidance.
- 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 challenging environment.
- Manage the Fund on 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.
- Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

3. Purpose of the Policy

3.1 The purpose of the policy is to –

- have a robust process in place for identifying and managing conflicts of interest;
- ensure members of the Pension Board have appropriate information for making an informed decision on whether there is a potential conflict of interest (prior or post appointment); and
- meet the required needs in relation to the Fund's objectives.

4. Effective date

4.1 This policy was approved by the Pension Board on XX and is effective from XX.

5. Review

5.1 This Conflicts of Interest Policy is expected to be appropriate for the long-term but it will be reviewed annually, and if necessary, more frequently to ensure it remains accurate and relevant.

6. Scope

6.1 This policy applies to members of the Pension Board and also its advisers.

- 6.2 The Policy also applies to all advisers and suppliers to the Fund, reference to advisers includes all advisers, suppliers and other parties providing advice and services to the administering authority in relation to pension fund matters. This includes but is not limited to actuaries, investment consultants, independent advisers, benefits consultants, third party administrators, fund managers, lawyers, custodians and AVC providers.
- 6.3 In accepting any role covered by this Policy, those individuals agree that they must:
- acknowledge any potential conflict of interest they may have;
 - be open with the administering authority on any conflicts of interest they may have;
 - adopt practical solutions to managing those conflicts; and
 - plan ahead and agree with the administering authority how they will manage any conflicts of interest which arise in future.

The procedures outlined later in this Policy provide a framework for each individual to meet these requirements.

7. Legal Requirements

- 7.1 The overriding requirements in relation to the management of potential or actual conflicts of interest for those involved in LGPS funds are contained in various elements of legislation and guidance. These are considered further below.
- 7.2 The Public Service Pensions Act 2013
- 7.2.1 Section 5 of this Act requires that the scheme manager (in the case of the LGPS, this is the administering authority) must be satisfied that a Pension Board member does not have a conflict of interest at the point of appointment and from time to time thereafter. It also requires Pension Board members to provide reasonable information to the administering authority for this purpose. The Act defines a conflict of interest as “a financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme).”
- Further, the Act requires that scheme managers must have regard to any such guidance that the national scheme advisory board issue (see below).
- 7.3 The Local Government Pension Scheme Regulations 2013
- 7.3.1 Regulation 108 of these Regulations applies the requirements of the Public Service Pensions Act (as outlined above) to the LGPS, placing a duty on each administering authority to satisfy itself that Pension Board members do not have conflicts of interest on appointment or whilst they are members of the board. It also requires those pension board members to provide reasonable information to the administering authority in this regard.

7.3.2 Regulation 109 states that each administering authority must have regard to guidance issued by the Secretary of State in relation to Pension Boards. Further, regulation 110 provides that the national scheme advisory board has a function of providing advice to administering authorities and Pension Boards.

7.4 The Pensions Act 2004

7.4.1 The Public Service Pensions Act 2013 also added a number of provisions to the Pensions Act 2004 related to the governance of public service pension schemes and, in particular, conflicts of interest. Section 90A requires the Pensions Regulator to issue a code of practice relating to conflicts of interest for pension board members. The Pensions Regulator has issued such a code and this Conflicts of Interest Policy has been developed having regard to that code.

Further, under section 13, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to conflicts of interest for Pension Board members are not being adhered to.

7.5 Advisors' Professional Standards

7.5.1 Many advisers will be required to meet professional standards relating to the management of conflicts of interest, for example, the Fund Actuary will be bound by the requirements of the Institute and Faculty of Actuaries. Any Protocol or other document entered into between an adviser and the administering authority in relation to conflicts of interest, whether as a requirement of a professional body or otherwise, should be read in conjunction with this Policy.

8. What is a Conflict or Potential Conflict and how will they be managed?

8.1 A conflict of interest may arise when an individual:

- has a responsibility or duty in relation to the management of, or provision of advice to, the LGPS fund administered by the County Council, and at the same time has:
 - a separate personal interest (financial or otherwise) or
 - another responsibility in relation to that matter,

giving rise to a possible conflict with their first responsibility. An interest could also arise due to a family member or close colleague having a specific responsibility or interest in a matter.

8.2 Democratic Services will identify, monitor and manage all interests and responsibilities which are or have the potential to become conflicts of interest, as well as evaluating the nature of any dual interests and responsibilities and assessing the impact on their operations and good governance were a conflict of interest to materialise.

When seeking to prevent a potential conflict of interest becoming detrimental to the conduct or decisions of the Pension Board, there will be a consideration for obtaining professional legal advice when assessing any option. A register of interests will be maintained by Democratic Services and should also capture decisions about how any identified potential conflicts of interest should be managed.

- 8.3 County Councillor members of the Local Pension Board are covered by the Code of Conduct for Cambridgeshire County Council as the administering authority, which includes conflicts of interest. As the Local Pension Board is not a County Council s101 committee requirement it is important non-elected members are covered by this policy.
- 8.4 Cambridgeshire County Council will encourage a culture of openness and transparency and will encourage individuals to be vigilant, have a clear understanding of their role and the circumstances in which they may have a conflict of interest, and of how potential conflicts should be managed.

Cambridgeshire County Council will evaluate the nature of any dual interests or responsibilities that are highlighted and assess the impact on pension fund operations and good governance were an actual conflict of interest to materialise.

Options for managing a potential conflict of interest from becoming an actual conflict of interest include:

- the individual concerned abstaining from discussion, decision making or providing advice relating to the relevant issue;
 - the individual being excluded from the meeting(s) and any related correspondence or material in connection the relevant issue;
- 8.5 Provided that the administering authority, (having taken any professional advice deemed to be required) is satisfied that the method of management is satisfactory, Cambridgeshire County Council shall endeavour to avoid the need for an individual to have to resign due to a conflict of interest. However, where the conflict is considered to be so fundamental that it cannot be effectively managed, or where a Pension Board member has an actual conflict of interest as defined in the Public Service Pensions Act 2013, the individual will be required to resign from the Board or appointment.
- 8.6 For the purposes of this Policy, gifts such as t-shirts, pens, trade show bag and other promotional items (subject to a notional maximum value of £25 per item and an overall maximum value of £100 from an individual company per event) obtained at events such as conferences, training events, seminars, and trade shows, that are offered equally to all members of the public attending the event do not need to be declared.

9. Responsibility

- 9.1 Cambridgeshire County Council as the administering authority for the Cambridgeshire Pension Fund must be satisfied that conflicts of interest are appropriately managed. For this purpose, the Democratic Services is the designated individual for ensuring the procedure outlined below is carried out.

However, it is the responsibility of each individual covered by this Policy to identify any potential instances where their personal, financial, business or other interests might come into conflict with their pension fund duties.

The Regulations place a duty on the administering authority to satisfy itself that those appointed do not have an actual conflict of interest prior to appointment and “from time to time” thereafter. Democratic Services will maintain a register of interests so declared.

10. Operational procedure for Pension Board members

- 10.1 The following procedures must be followed by all individuals to whom this policy applies.

What is required	How will this be done
Initial identification of interest which do or could give rise to a conflict	<p>On appointment to their role or on the commencement of this Policy if later, all individuals will be provided with a copy of this Policy and be required to complete a Declaration of Interest (as held by Democratic Services).</p> <p>These declarations will be collated into the Pension Fund Register of conflicts of interest and published on the administering authority's website.</p>
Ongoing notification and management of potential or actual conflicts of interest	<p>At the commencement of every Pension Board or other formal meeting where pension fund matters are discussed, the Chairman will ask all those present who are covered by this policy to declare any potential conflicts.</p> <p>Any new interests declared will be recorded in the Fund's Register of conflicts of interest. Any member, who considers that they or another individual has a potential or actual conflict of interest, as defined by this Policy, which relates to an item of business at a meeting, must advise the Chairman and the Democratic Services prior to the meeting, where possible, or state this clearly at the meeting at the earliest possible opportunity.</p>

	<p>The Chairman, in consultation with Democratic Services, should then decide whether the conflicted or potentially conflicted individual needs to leave the meeting during the discussion on the relevant matter or to withdraw from voting on the matter.</p> <p>If such a conflict is identified outside of a meeting the notification must be made to Democratic Services and where it relates to the business of any meeting, also to the Chairman of that meeting.</p> <p>Democratic Services and the Chairman of the meeting will consider any necessary action to manage the potential or actual conflict.</p> <p>Where information relating to any potential or actual conflict has been provided, Democratic Services may seek such professional advice as he or she thinks fit on to how to address any identified conflicts. Any such potential or actual conflicts of interest and the action taken must be recorded on the Fund's Register of conflicts of interest.</p>
Periodic review of potential and actual conflicts	<p>At least once every 12 months, Democratic Services will provide to all individuals to whom this Policy applies a copy of the Fund's Register of conflicts of interest. All individuals will complete a new Declaration of Interest confirming that their information contained in the Register is correct or highlighting any changes that need to be made to the declaration.</p> <p>Following this exercise, the updated Register will then be circulated to all individuals to whom it relates.</p>

11. Monitoring and reporting

- 11.1 The Register of conflicts of interest may be viewed by any interested party at any point in time. It will be made available on request by Democratic Services. In addition, it will be published in the annual report and accounts.

In order to identify whether the objectives of this Policy are being met the administering authority will:

- Review the Register of conflicts of interest on an annual basis and consider whether there have been any potential or actual conflicts of interest that were not declared at the earliest opportunity
- Provide its findings to the administering authority's Independent Adviser and ask him or her to include comment on the management of conflicts of interest in his or her annual report on the governance of the Fund each year.

12. Key Risks

- 12.1 The key risks to the delivery of this Policy are outlined below. All of these could result in an actual conflict of interest arising and not being properly managed. The Head of Pensions will monitor these and other key risks and consider how to respond to them.

- Insufficient training or poor understanding in relation to individuals' roles on pension fund matters;
- Insufficient training or failure to communicate the requirements of this Policy;
- Absence of the individual nominated to manage the operational aspects of this Policy and no one deputising, or failure of that individual to carry out the operational aspects in accordance with this Policy; and
- Failure by a chairperson to take appropriate action when a conflict is highlighted at a meeting.

13. Costs

- 13.1 All costs related to the operation and implementation of this Policy will be met directly by Cambridgeshire Pension Fund. However, no payments will be made to any individuals in relation to any time spent or expenses incurred in the disclosure or management of any potential or actual conflicts of interest under this Policy.

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

Date: 20 April 2018

Report by: LGSS Chief Internal Auditor

Subject:	Internal Audit Report 2017-18
Purpose of the Report	To present the findings of Internal Audit work during 2017-18.
Recommendations	The Pension Board note the Internal Audit work during 2017-18.
Enquiries to:	Stephen Mangan, Audit and Risk Manager, LGSS Internal Audit Tel: 01604 365921 Email: SMangan@northamptonshire.gov.uk

1. Background

- 1.1 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.2 The work of Internal Audit complements and supports the work of external auditors in forming their opinion on the financial accounts. Internal audit work is coordinated with the external auditors and they place reliance on the work of internal audit to reduce the level of testing they undertake themselves. This reduces overall costs by avoiding unnecessary duplication of effort and supports delivery of an efficient and effective service.

2. Findings

- 2.1 During 2017-18, Internal Audit work focused on the annual audit of the administration of the Cambridgeshire Pension Fund.
- 2.2 The audit assessed the adequacy of design and implementation of controls for the administration of the pension fund. Based on the completion of our fieldwork and the testing carried out, we gave **substantial** assurance for both the control environment in place and for compliance. The full report is included as Appendix A.

3. Relevant Pension Fund Objectives

- 3.1 The audit work undertaken was designed to support the Pension Service in achieving its objectives through the effective management of risk. The work therefore supports all of the objectives of the Pension Service.

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>Objective 1</i>
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. <i>Objective 2</i>
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. <i>Objective 3</i>
Continually monitor and measure clearly articulated objectives through business planning. <i>Objective 4</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>
Ensure regular monitoring of employer covenants, putting in place mitigations of adequate strength to protect the Fund. <i>Objective 6</i>
Ensure appropriate exit strategies are put in place both in the lead up to and termination of a scheme employer. <i>Objective 7</i>
Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. <i>Objective 8</i>
Ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer. <i>Objective 9</i>
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. <i>Objective 10</i>
Maintain accurate records and ensure data is protected and used for authorised purposes only. <i>Objective 11</i>
Promote the Scheme as a valuable benefit. <i>Objective 12</i>
Deliver consistent plain English communications to Stakeholders. <i>Objective 13</i>
Provide Scheme members with up to date information about the Scheme in order that they can make informed decisions about their benefits. <i>Objective 14</i>
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund. <i>Objective 15</i>
Ensure cash flows in to and out of the Fund are timely and of the correct amount. <i>Objective 16</i>
Ensure the long-term solvency of the Fund, taking a prudent long term view, so that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment. <i>Objective 17</i>
Put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy. <i>Objective 18</i>
Maximise investment returns over the long term within agreed risk tolerances. <i>Objective 19</i>
Ensure an appropriate cash management strategy is in place so that net cash outgoings can be met as and when required. <i>Objective 20</i>

4. Risk Implications

a) Risk(s) associated with the proposal

Risk	Fund objective at risk (refer to previous section)	Mitigation	Residual Risk
The audit work may identify significant weaknesses with potential for reputational damage to the Pension Service.	All	A process is in place for timely and effective response to the findings of internal and external auditors.	Green

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

Risk	Risk Rating
Unmitigated risks to the objectives of the Pension Service are not identified and addressed. The legal obligation to ensure internal audit is undertaken would not be met.	Red

5. Finance & Resources Implications

5.1 There are no finance or resource implications associated with this policy.

6. Communication Implications

Direct Communications	The work of auditors is transparent and reported to the Pension Committee and Pension Board.
Website	The report will also be published on internet.

7. Legal Implications

7.1 The requirement for an Internal Audit function derives from section 151 of the Local Government Act 1972. All principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations 2003 in England (Appendix 41) [4] should make provision for Internal Audit in accordance with the Code.

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 Not applicable

11. Appendices

11.1 Appendix 1 – Internal Audit Report: Administration of the Cambridgeshire Pension Fund 2017-18

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
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 Governance and Regulations Manager?	Joanne Walton – 26 March 2018

Internal Audit Report

Administration of the Cambridgeshire Pension Fund

Governance Opinion

Control Environment	Substantial
Compliance	Substantial
Organisational Impact	Minor

Report Issued	8 February 2018
Follow Up due	30/9/18

Executive Summary

1 Background

- 1.1 LGSS Pensions administers the Local Government Pension Scheme on behalf of Northamptonshire County Council and Cambridgeshire County Council.
- 1.2 The administration of the scheme is subject to an annual audit and provides assurance around arrangements to the employer organisations, the Pensions Committee and also the Pension Fund's External Auditors. In the 2016-17 review, substantial assurance was provided that around the effectiveness of arrangements in place.

2 Audit Approach / Scope (including Volume / Value Indicators)

- 2.1 There are 140,000 members of the Cambridgeshire and Northamptonshire Pensions Funds and circa 550 scheme employers, the service holds a portfolio of assets in excess of £5 billion.
- 2.2 The objectives of this review will be to ensure that:
 - New members are set up accurately (including transfers in) and on a timely basis.
 - The correct contributions are received from employer organisations on a timely basis.
 - Appropriate action is taken upon notification that a member has left the scheme.
 - Pension payments are made in accordance with LGPS regulations and in line with relevant administering authority and employing authority discretions.
 - Pension payments are paid at the correct amount with the correct rate of annual increase.
 - Reconciliations are completed for key financial areas.

The review also followed up actions agreed in the 2016-17 review.

3 Internal Audit Opinion and Main Conclusions

3.1 Main conclusions

Based on the completion of our fieldwork we are giving **Substantial** assurance for the control environment covering LGPS administration and **Substantial** assurance for compliance.

The assurance level reflects our view that effective and embedded procedures are in place to oversee the administration of pensions. Additionally, developments continue to take place to further automate processes by capturing data electronically and providing management information to assist with key processes.

The review did however identify the following issues:

- Our review identified a number of instances where the status of members was 'suspended' and cases, we have not been able to establish the reason for this. Additionally, these cases are not subject to regular review to ensure the status remains accurate.
- In terms of reconciliations, a number of issues were identified, namely:
 - The year-end reconciliation of employers' contributions for 2016-17 has not yet been completed, although it is acknowledged that a significant proportion of the variances identified had been resolved.
 - Whilst progress has been made on the reconciliation of historical payroll / Altair records to identify under / over payments, work is still required to resolve payment discrepancies identified.

4. Main recommendations

For each of the issues identified we have agreed actions in the action plan. When implemented these will positively improve the control environment.

Detailed agreed actions are listed within the Management Action Plan (MAP) at pages 7 and 8 of this report.

DETAILED FINDINGS

5 Control Objective (1) New members are set up accurately (including transfers in) and on a timely basis.

- 5.1 Employers are responsible for notifying LGSS Pensions of any new employees or existing employees who wish to join the pension scheme. This information is currently captured by several methods, manual forms submitted, employer self-service portal, employer file transfer via i-connect, a bespoke interface provided by Heywood which links to Altair, and by data transfer.
- 5.2 Analysis highlighted that the Pensions Systems Team complete checks and balances processes on this data to ensure that only correct and complete records are uploaded into Altair to create the member record. Progress with these tasks is monitored to ensure that employer's data is processed on a timely basis after it has been received.
- 5.3 New members who wish to transfer in from another pension scheme are able to do so providing they complete the appropriate forms and meet key criteria. Ten transfers in for the NPF were tested and controls were found to be working effectively in that:
- A transfer in request form was on file signed by the member.
 - The pension certificate has been provided by the previous pension provider.
 - A calculation of the transfer in value was on file which had been subject to review and authorisation.
 - The payment had been received from the previous pension provider.
 - The member's pension record on Altair had been updated accurately.

6. Control Objective (2) The correct contributions are received from employer organisations on a timely basis.

- 6.1 A clearly defined process is in place to oversee the monthly payment of employer contributions to the Pension Fund. A review of contribution records for 10 employers found that:
- Contributions reflected in the PEN18 returns were in the main agreed as accurate. Where variances existed these were minor in value and had been investigated and resolved with the relevant employer.
 - Payments were received from employers in line with agreed deadlines.
 - Payments received were traced to Pension Fund bank account.
- 6.2 In addition to the monthly process, an annual year end reconciliation of employers and members contributions to monies for 2016-17 has been undertaken. Where variances were identified, this would result in an automated letter being generated to the employer

providing details of any variances in payments, request the employer to provide an explanation for these and also notify them that an invoice would be raised for any balances owed. Testing identified that whilst this had delivered clear benefits and most employers records had reconciled immediately the overall reconciliation had still not been finalised at the time of the audit.

(See MAP 1)

7. Control Objective (3) Appropriate action is taken upon notification that a member has left the scheme, including transfers out.

7.1 Employers notify Pensions when an employee leaves and the member's pension is then "deferred" unless they request and meet the criteria for a refund.

7.2 Five transfers out were reviewed and testing highlighted that:

- A transfer out request form was on file signed by the member.
- Evidence was on file to confirm the member had left their pensionable employment.
- A calculation of the transfer out value was on file which had been subject to review and authorisation.
- The payment had been made to the appropriate Pension Fund.

7.3 Notification of five pensioner deaths were reviewed and testing highlighted that:

- A death certificate was on file in all cases.
- The pension was suspended on a timely basis.
- A reconciliation had been completed to confirm if over / under payments had occurred and appropriate action was taken based on the reconciliation.

8. Control Objective (4) Pension payments are made in accordance with LGPS regulations and in line with relevant administering authority and employing authority discretions.

8.1 Testing of 15 new pensioners and 10 dependent pensioners confirmed that effective controls were in place and pensions were paid without delay once all relevant confirmation and documents were received from the respective parties.

8.2 Calculations were made based on membership within the relevant scheme i.e. pre 2008, 2008-2014 and post 2014 with appropriate deductions made where relevant.

8.3 In the case of dependent pensioners their status was confirmed and for death in service / pensioner deaths a calculation of potential death grants was also completed.

9. Control Objective (5) Pension payments are paid at the correct amount with the correct rate of annual increase.

- 9.1 Controls were in place to ensure that the pensioner payroll was set up to pay the correct pension as per the calculation and any relevant adjustments e.g. interest for late payment and mid-month adjustments.
- 9.2 Twenty five pensioner calculations and payments were checked (15 retirees and 10 dependents as considered in section 8) and all were found to be accurate.
- 9.3 The annual uplift process was completed by the Systems team based on national guidance. Altair is updated as required and the implementation of any changes is checked for its impact on member pensions to ensure that these are correct.
- 9.4 During testing of the uplift process we became aware that a number of member records were not receiving an increase as they had a status of “suspended”. Examination of the records failed to identify why this status had been awarded. It was also confirmed that there was not a regular review of these records in order to either reinstate payments or close the record down.

(See MAP 2)

10. Control Objective (7) Reconciliations are completed for key financial areas.

- 10.1 In addition the contribution reconciliation referred to in section 6 of the report, other reconciliations take place of the various Pension Fund bank accounts and also between payroll and Altair. These are considered below.
- 10.2 Bank reconciliations – The Pension Fund bank accounts had been reconciled each month and were subject to a management check to confirm this.
- 10.3 Reconciliation between pension payroll and Altair - The reconciliation between the historic pension payroll and Altair records has continued during 2017-18 and good progress has been made with identifying the anomalies. The resolution of these is now to be progressed commencing in January 2018.

(See MAP 4)

MANAGEMENT ACTION PLAN

The Agreed Actions are categorised on the following basis:

Likelihood	H	S	I	E
	M	S	I	E
	L	S	I	
	L	M	H	
	Impact			

Essential

- Action is imperative to ensure that the objectives for the area under review are met.

Important

- Requires action to avoid exposure to significant risks in achieving objectives for the area under review.

Standard

- Action recommended to enhance control or improve operational efficiency.

Ref.	Issues & Risks (Precis)	Agreed Action / management comments	Manager Responsible & Target Date
1.	<p><u>Employer and Employee Contributions Reconciliations</u> The year-end reconciliation of employers and employees for 2016/2017 i.e. contributions v members records and payments received had still not been finalised at the time of the audit.</p> <p><u>Risk</u> Incorrect payments received. Benefits paid for which contributions have not been paid.</p>	<p>Important A target date should be set by which the annual reconciliation process should be completed and progress against this should be monitored.</p> <p>Agreed – Target date for 2017/2018 reconciliations will be 31/8/18.</p>	<p>Paul Tysoe, Investments and Fund Accounting Manager</p> <p>31/8/18</p>

Ref.	Issues & Risks (Precis)	Agreed Action / management comments	Manager Responsible & Target Date
2.	<p><u>Suspended Pensioners</u></p> <p>As part of the review, we came across a number of member records which had been suspended. Examination of the records failed to identify why this status had been awarded. It was also confirmed that there was not a regular review of these records in order to either reinstate payments or close the record down.</p> <p><u>Risk</u></p> <p>Incorrect payments could be made, pensioners continued to be active when they should have been closed down on the payroll.</p>	<p>Important</p> <p>A review of these records should be completed to determine whether the pension needs to be reinstated, closed down or remain suspended.</p> <p>The reasons for pensions being suspended should be noted clearly on their record and a process agreed for following up suspended records to resolve the issue.</p> <p><i>Agreed - The review process will be agreed by 28/2/18 and the target date for completion of current suspensions will be 30/6/18, thereafter they will be reviewed on a quarterly basis.</i></p> <p><i>Agreed - A note will be placed on Altair in future when records are suspended provide a clear audit trail of why this action has been taken.</i></p>	<p>Akhtar Pepper, Operations and Technical Manager</p> <p>Process by 28/2/18</p> <p>and</p> <p>Ensure the review current suspended records by 30/6/18</p>

Ref.	Issues & Risks (Precis)	Agreed Action / management comments	Manager Responsible & Target Date
3.	<p><u>Historic payroll v Altair records reconciliation</u></p> <p>Although progress has been made in identifying where adjustments in pay are required this exercise has not been finalised.</p> <p><u>Risk</u></p> <p>Incorrect payments continue to be made.</p>	<p>Important</p> <p>A target date should be set by which the reconciliation process should be completed and progress against this monitored.</p> <p><i>Agreed - Given the complexity of resolving these queries, particularly in relation to the recoupment of overpayments for which legal advice is required - to ensure the process is completed correctly and to reduce the number of potential complaints and challenges that have to be responded to - the target date will be 31/3/2019. LGSS Pensions met their reconciliation target date of December 2017; a rectification target could not be set until the number of cases to be rectified was known.</i></p> <p>Internal Audit will review progress with this on 30/9/18.</p>	<p>Joanne Walton, Governance and Regulations Manager</p> <p>31/3/19</p>

Appendix 1 – Glossary / Definitions

Internal Audit is not permitted to be responsible for control / governance in order to protect its independent audit of those controls and systems. There are three elements to consider when determining an assurance opinion as set out below.

1 Control Environment / System Assurance

The adequacy of the control environment / system is perhaps the most important as this establishes the key controls and frequently systems 'police/ enforce' good control operated by individuals.

Assessed Level	Definitions
Substantial	Substantial governance measures are in place that give confidence the control environment operates effectively.
Good	Governance measures are in place with only minor control weaknesses that present low risk to the control environment.
Satisfactory	Systems operate to a moderate level with some control weaknesses that present a medium risk to the control environment.
Limited	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.

2 Compliance Assurance

Strong systems of control should enforce compliance whilst ensuring 'ease of use'. Strong systems can be abused / bypassed and therefore testing ascertains the extent to which the controls are being complied with in practice. Operational reality within testing accepts a level of variation from agreed controls where circumstances require.

Assessed Level	Definitions
Substantial	Testing has proven that the control environment has operated as intended without exception.
Good	Testing has identified good compliance. Although some errors have been detected these were exceptional and acceptable.
Satisfactory	The control environment has mainly operated as intended although errors have been detected that should have been prevented / mitigated.
Limited	The control environment has not operated as intended. Significant errors have been detected and/or compliance levels unacceptable.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse. The system of control is essentially absent.

3 Organisational Impact

The overall organisational impact of the findings of the audit will be reported as major, moderate or minor. All reports with major organisational impact will be reported to SMT along with the relevant Directorate's agreed action plan.

Organisational Impact	
Level	Definitions
Major	The weaknesses identified during the review have left the Pension Fund open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole
Moderate	The weaknesses identified during the review have left the Pension Fund open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole
Minor	The weaknesses identified during the review have left the Pension Fund open to low risk. This could have a minor impact on the organisation as a whole.

4 Findings prioritisation key

When assessing findings, reference is made to the Risk Management matrix which scores the impact and likelihood of identified risks arising from the control weakness found, as set out in the MAP

For ease of reference, we have used a high/medium/low system to prioritise our recommendations, as follows:

E	<p>ESSENTIAL Failure to address the weakness has a high probability of leading to the occurrence or recurrence of an identified high-risk event that would have a serious impact on the achievement of service or organisational objectives, or may lead to significant financial/ reputational loss.</p> <p>The improvement is critical to the system of internal control and action should be implemented as quickly as possible.</p>	I	<p>Important Failure to respond to the finding may lead to the occurrence or recurrence of an identified risk event that would have a significant impact on achievement of service or organisational objectives, or may lead to material financial/ reputational loss.</p> <p>The improvement will have a significant effect on the system of internal control and action should be prioritised appropriately.</p>	S	<p>Standard The finding is important to maintain good control, provide better value for money or improve efficiency. Failure to take action may diminish the ability to achieve service objectives effectively and efficiently.</p> <p>Management should implement promptly or formally agree to accept the risks.</p>
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Circulation Details:**Confidential**

Issued to Chris Malyon, Finance Director, S151 NCC
Matt Bowmer, LGSS Director of Finance
Mark Whitby, Head of Pensions
Joanne Walton, Governance and Regulations
Manager
Akhtar Pepper, Operations and Technical Manager
Paul Tysoe, Investments and Fund Accounting
Manager

Date 14 February 2018

Lead Auditor Janette Lynn

Status of report Final Report

**CAMBRIDGESHIRE
PENSION FUND**



Local Pension Board

Date: 20 April 2018

Report by: Head of Pensions

Subject:	Review of the effectiveness of the Local Pension Board
Purpose of the Report	To provide feedback on the results from the effectiveness review survey.
Recommendations	That the Board notes the feedback and approves the plan of action to improve the effectiveness of the Local Pension Board in the areas identified.
Enquiries to:	Name: Michelle Oakensen E-mail: moakensen@northamptonshire.gov.uk

1. Background

- 1.1 The need to regularly review the effectiveness of the Pension Board is considered good governance and is undertaken as an annual exercise. In January members were invited to complete a survey on how adequate they felt the current arrangements of the Board are.
- 1.2 The survey consisted of 24 statements and sought feedback in six key areas:
 - Board structure and culture
 - Management of meetings
 - Skills, Knowledge and Training
 - Risks and conflicts
 - The role of Advisors
 - Documents and Policies
- 1.3 Completed surveys were to be completed by 9 February 2018 to be included in the final assessment of the results.

2. Response to the review

- 2.1 The survey to ascertain the view of the Cambridgeshire Local Pension Board was sent to 6 members of the Board of which 3 completed questionnaires were returned.
- 2.2 The following table details the membership categories from whom completed surveys were received:

Representative:	No. of completed surveys
Employer representatives	1
Member representatives	2

3. Results of the effectiveness survey

3.1 The survey consisted of 24 statements that participants were asked to provide a rating of between 5 and 1 with 5 being strongly agree and 1, strongly disagree. Participants were also encouraged to provide further comments to support the rating they had provided.

3.2 A full analysis of the results of the survey can be found in appendix 1.

4. Conclusions drawn from the effectiveness survey

4.1 The effectiveness of the Local Pension Board as a whole was positive with the majority of scoring being in the strongly agree and agree categories. Of the answers provided approximately 8% were in the disagree category and none in the strongly disagree category.

4.2 From an analysis of the ratings and additional comments provided in the survey the following can be concluded that the Local Pension Board are particularly happy in the following areas:

- That Conflicts of Interests need to be declared
- Advisors make a useful contribution to the meetings
- There is sufficient level of coverage of professional advisors, such as the actuary and investment advisors
- Understanding their role and obligations under the LGPS Regulations and the terms of reference
- Meetings are chaired effectively with all opinions being heard and consensus sought to conclude matters
- They are familiar with the principals of the Training Strategy
- They are familiar with the Pension Fund objectives
- Members are satisfied that the risks identified on the covering reports adequately identify the risks involved in taking a particular decision
- Members are aware of the risks facing the Fund and review the risk register on a regular basis
- Understand the role of the Fund's actuary
- Members are provided with good quality policies and strategies for review/approval

4.3 The survey also identified a number of areas for improvement. The below table identifies those areas and comments against each one:

Area for improvement	Concern	Comments/Action
Members are provided with sufficient information in order to make effective and timely decisions	Decisions have been made by the Committee where the Board have not any sight of either in advance or in review.	Board members have access to all Committee papers and key papers are brought to the Board meetings for discussion and clarification. Where possible policies and strategies are brought to the Board for pre scrutiny before submission to the Committee for approval.
The quality of reports meet the expected standard	No comment provided.	Officers are always looking to improve and streamline reports where possible. The Business Plan for 2018/19 will provide a clearer structure for updates going forward.
Members work effectively as a team	Has been changes to make up of the Board with new members joining.	Board members are encouraged to attend internal training opportunities which encourages development and builds on relations with other members. During meetings an open dialogue is encouraged with all members being heard and matters discussed in a safe environment.
I am satisfied that matters requiring further clarification after the meeting are dealt with in a timely manner	No comment provided.	Officers always try to ensure matters that require clarification are dealt with in a timely manner. On occasion, this may be delayed due to data gathering that might be required. Officers will continue to monitor timescales and provide holding e-mails if appropriate.
I know where to find the Fund's key documents	No comment provided.	The Fund's key documents are held on the current website and are on the new website awaiting launch, the navigation on the new website is much simpler and finding key documents should be easier.
I understand the role of the Fund's investment advisors	No comment provided.	The Fund's investment Advisors attend some Committee meetings to which Board members are encouraged to attend and to some of the Pension Information Days. Officers will flag dates to members where investment advisors are due to attend for more awareness.
There are a sufficient number of meetings held in the financial year	Meetings are the bare minimum to satisfy legislation. The Board should meet as often as the Pensions Committee	The Board have 4 set meetings the same as the Committee, the additional meeting of the Committee is the annual meeting where key items are discussed such as the Annual Report and Statement of Account to which the Board are encouraged to attend.

5. Relevant Pension Fund Objectives

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

6. Finance & Resources Implications

- 6.1 There are no financial or resource implications as a result of accepting the recommendations within this report.

7. Risk Implications

- a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with improving the efficiency of what is already felt to be a very effective Pension Board	N/A	N/A

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

Risk	Risk Rating
Should any improvements identified in 4.3 not be made in the long term there is potential for the Pension Board to not operate at its maximum efficiency, which could be at the detriment to the Fund and the stakeholders.	Green

8. Communication Implications

- 8.1 There are no communication implications as a result of accepting the recommendations within this report.

9. Legal Implications

- 9.1 There are no legal implications as a result of accepting the recommendations within this report.

10. Consultation with Key Advisers

10.1 There has been no consultation with professional advisers in the writing of this report.

11. Alternative Options Considered

11.1 Not applicable.

12. Background Papers

12.1 None

13. Appendices

13.1 Appendix 1 – Results from the effectiveness review of the Cambridgeshire Local Pension Board

13.2 Appendix 2 - Actions taken against the areas for improvement from the 2016/2017 review

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 Head of Pensions?	Mark Whitby – 28 March 2018

Appendix 1 - Local Pension Board – Effectiveness Review Results

Statement	Scale	Score	Comments
I am aware that I need to disclose any conflict of interests that may arise	Strongly Agree	75%	None provided.
	Agree	25%	
Advisors make a useful contribution to the meetings	Strongly Agree	33.3%	None provided.
	Neither Agree or Disagree	33.3%	
	Disagree	33.3%	
There is sufficient level of coverage of professional advisors, such as the actuary and investment advisors	Strongly Agree	25%	None provided.
	Neither Agree or Disagree	75%	
I understand my role and obligations under the LGPS Regulations and the terms of reference for the Board I serve on	Agree	100%	None provided.
Meetings are chaired effectively with all opinions being heard and consensus sought to conclude matters	Agree	100%	None provided.
I am familiar with the principals of the Training Strategy	Agree	100%	None provided.
I am familiar with the Pension Fund objectives	Agree	100%	None provided.
Members are satisfied that the risks identified on the covering reports adequately identify the risks involved in taking a particular decision	Agree	100%	None provided.
Members are aware of the risks facing the Fund and review the risk register on a regular basis	Agree	100%	None provided.
I understand the role of the Fund's actuary	Agree	100%	None provided.
Members are provided with good quality policies and strategies for review/approval	Agree	100%	None provided.

I am able to articulate my responsibilities to the Administering Authority, participating employers and members of the Pension Fund	Agree	75%	There have been times that board resolutions have not been communicated to the Pensions Committee as part of our oversight role.
	Neither Agree or Disagree	25%	
The Knowledge and Skills Framework adopted is adequate for achieving the required level of knowledge to enable effective contribution/decision making	Agree	75%	However, tough to reach required points. We all have other day jobs/responsibilities.
	Neither Agree or Disagree	25%	
An adequate number of relevant training events and conferences are available to support learning	Agree	75%	None provided.
	Neither Agree or Disagree	25%	
Training items are delivered at meetings in order to enhance knowledge in a pragmatic way	Agree	75%	None provided.
	Neither Agree or Disagree	25%	
I would know what process to follow if I suspected a breach of the law and there is a policy in place to support this	Agree	75%	None provided.
	Neither Agree or Disagree	25%	
Members are consulted on changes to the Fund's key documents	Agree	75%	Process is improving. We used to be consulted after the event rather than being part of the process.
	Neither Agree or Disagree	25%	

There are a sufficient number of meetings held in the financial year	Agree	75%	Meetings are the bare minimum to satisfy legislation. The Board should meet as often as the Pensions Committee.
	Disagree	25%	
I understand the role of the Fund's investment advisors	Agree	75%	None provided.
	Disagree	25%	
I know where to find the Fund's key documents	Agree	75%	Need to be reminded.
	Disagree	25%	
I am satisfied that matters requiring further clarification after the meeting are dealt with in a timely manner	Agree	33.3%	None provided
	Neither Agree or Disagree	33.3%	
	Disagree	33.3%	
Members work effectively as a team	Agree	33.3%	Has been changes to make up of the Board with new members joining.
	Neither Agree or Disagree	33.3%	
	Disagree	33.3%	
The quality of reports meet the expected standard	Agree	25%	None provided.
	Neither Agree or Disagree	75%	
Members are provided with sufficient information in order to make effective and timely decisions	Neither Agree or Disagree	75%	Decisions have been made by the Committee where the Board have not any sight of either in advance or in review.
	Disagree	25%	

Appendix 2 - Actions taken against the areas for improvement from the 2016/2017 review

Area for improvement	Concern	Proposed course of action	Course of action implemented?
There are a sufficient number of meetings during the year.	Needs to be flexible if agenda/workload items require additional meetings	The agenda allows for items to be discussed thoroughly. Additional meetings can be scheduled if the workload deems necessary. The Board currently complies with the four scheduled meetings a year. Additional meetings can be recommended at any time and can be scheduled with the agreement of the Chairman.	Yes - Agenda items are gauged on the topic in hand. Some items are discussed with the Chairman outside of the meetings and circulated to members where appropriate.
The reports detailing the administration of the Fund are a sufficient overview of how the Fund is performing to challenge or make recommendations.	The papers issued to the Pensions Committee do not go to the Board.	The Pension Committee papers should be circulated to the Local Pension Board as a matter of course. This has been raised with Democratic Services and will happen going forward. All Board members are able to attend Committee meetings when convenient to do so. Pension Committee papers can be viewed on the Cambridgeshire County Council website.	Yes - All Pension Committee papers are now being distributed to the Local Pension Board by Democratic Services and minutes are published as part of the document pack for each meeting.
There is sufficient awareness of the risks facing the Pension Fund.	There may be unknown risks. Difficult to know if members are aware of "all" risks to the Fund.	The risk strategy and risk register were presented to the Board during 2016/17. The final risk register will be taken to the Board during 2017/18 and will be taken back periodically for review or beforehand if deemed appropriate.	Yes - The risk register was presented to the Board in April 2017, any changes to the risk are reported in the Business Plan Update to which Board members have access. A full review of risks is due to be undertaken again in 2018/19 and a report will be presented to the Board during this time.

<p>The Knowledge and Skills Framework adopted by the Board is adequate for achieving the required level of knowledge to enable effective scrutiny.</p>	<p>The majority of knowledge and skill appears to be mainly provided by 'consultants' who have a financial interest. More independent unbiased training would be beneficial – also little detailed information/training has been provided on fees and charges.</p>	<p>Training is offered in many forms with external consultants being one method. Officers in consultation with the Board will need to weigh up the cost of independent training against the benefits in conjunction with the topic the training needs to cover. A presentation on fees and charges is being delivered at the January 2017 meeting. Board members have access to Pension Committee and Investment Sub Committee papers in order to receive additional information in this area when it becomes available.</p>	<p>Yes - A range of training opportunities is on offer to members with a varying degree of cost implications. Core training has been established with these being promoted as offering the best balance of knowledge if all were attended. Members can top up knowledge with external courses but will be at the discretion of the officers who will weigh up cost implications against benefit.</p>
<p>There is a high level understanding of the areas covered by the Pension Regulator's Code of Practice and where the Fund is compliant and non-compliant.</p>	<p>There is not sufficient detailed knowledge of the Fund's operation to know if it is compliant or non-compliant, only to take on face value information provided in the annual report.</p>	<p>A report on the extent to which the Fund is complying with the Pension Regulator's Code of Practice is being delivered at the January 2017 meeting. The report will highlight any areas of concern and will detail a clear action plan for full compliance.</p>	<p>Yes - Hymans Robertson were scheduled to delivered training on this subject on 25 January 2017 but this needed to be cancelled due to insufficient number of confirmed attendees. Information is also available on the Pension Regulators website and via the toolkit, which is a mandatory requirement. A report was also delivered in February 2018 on the statutory and non-statutory policies of the Fund.</p>

Sufficient knowledge and understanding has been obtained to challenge any failure by the Administering Authority to comply with the Regulations and other legislation relating to the governance and administration of the LGPS and/or any failure to meet the standards and expectations set out in the Code of Practice.	There is a lot of knowledge needed to challenge. This knowledge does not happen overnight. How is sufficient quantified to be able to know if a desired level has been obtained?	The Knowledge Management Policy was initially adopted by the Board shortly upon the creation of the Board. A Knowledge Management Strategy has been developed and is being presented to the Board in January 2017, which has been designed for the Committee and Board members and encourages members to attain credits via various training methods. Officers of the Fund keep members updated with training opportunities to facilitate as many opportunities as possible.	Yes -The Training Strategy was presented and approved by the Board on 25 January 2017 and the expectation is that members accrue 18 credits over a rolling 2 year period. Officers to continue to e-mail courses of particular interest to members.
Adequate information is provided to the Local Pension Board in order to carry out the role effectively.	A review of the Pension Committee meetings and decisions should be carried out. This is now being addressed. Papers that go to the Pensions Committee do not go to the Board. It is difficult to know if there is adequate oversight.	The Pension Committee papers should be circulated to the Local Pension Board as a matter of course. This has been raised with Democratic Services and will happen going forward. All Board members are able to attend Committee meetings when convenient to do so. Pension Committee papers can be viewed on the Cambridgeshire County Council website.	Yes - All Pension Committee papers are now being distributed to the Local Pension Board by Democratic Services and minutes are published as part of the document pack for each meeting.
The Local Pension Board makes a valuable contribution to the overall governance of the Fund.	The Board could be a more valuable contributor. We have up until quite recently been given little scope to review decisions made by the Pensions Committee. This situation is however changing.	The Board are contributing to the governance of the Fund by looking at pre and post scrutiny of the decisions made by the Pensions Committee. The Board reviewed the risk register and have started to make recommendations to the Committee. This will continue to develop now the Board is more established and knowledge is being obtained on a regular basis.	Yes -This has proven effective via policies such as the Anti-Fraud and Corruption Policy and the ownership of General Data Protection Regulations. As policies are developed the Board will continue to have pre scrutiny to assist the Pensions Committee where possible to do so.

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

Date: 20 April 2018

Report by: Head of Pensions

Subject:	General Data Protection Regulation
Purpose of the Report	To provide the Pension Fund Board with an update on the work undertaken to achieve compliance with the General Data Protection Regulation
Recommendations	That the Pension Fund Board notes the contents of this report
Enquiries to:	Jo Walton – Governance and Regulations Manager, LGSS Pensions Email: jwalton@northamptonshire.gov.uk

1. Introduction

- 1.1. The General Data Protection Regulation is regulation by which the European Parliament, the Council of the European Union and the European Commission intend to strengthen and unify data protection for all individuals within the European Union.
- 1.2. The primary objectives of the General Data Protection Regulation (GDPR) are to give control back to citizens over their personal data and to simplify the regulatory environment for international business by unifying the regulation within the EU.
- 1.3. The regulation was adopted on 27 April 2016 and becomes enforceable from 25 May 2018 after a two year transition period.
- 1.4. This report provides an update on the progress made by officers of the Northamptonshire Pension Fund towards achieving compliance with the GDPR.

2. Progress as at last report

- 2.1. At the last meeting of the Local Pension Board, a progress report was presented along with the following draft documents that demonstrated work undertaken to comply with the principles of the GDPR:
 - Privacy Notice
 - Information Asset Register
 - Record of Processing Activities

- 2.2 The reported also noted that the administering authority had not yet appointed a Data Protection Officer.

3. Progress since the last report

3.1 Frequently Asked Questions

- 3.1.1 On 6 March 2018, the Local Government Pensions Committee (LGPC) issued a set of Frequently Asked Questions for funds to use to help members understand their rights under the GDPR. The Frequently Asked Questions will be available on the Fund's new website. This document can be found in appendix one of this report.

3.2 Privacy Notice

- 3.2.1 On 13 March 2018 the LGPC issued a template Privacy Notice, as constructed by LGPC's legal advisors, Squire Patton Boggs in full length and in a summary version to be tailored as appropriate by each LGPS Fund.
- 3.2.2 At the time of writing this report, both forms of the Privacy Notice were being drafted with reference to the Cambridgeshire Pension Fund and will require oversight by the Fund's legal advisors, LGSS Law and Cambridgeshire County Council's Information Governance Team before being made available to scheme members and stakeholders via the new website and through appropriate signposting. Both the untailored full length and summary versions as provided by LGPC can be found in appendix two and three respectively.

3.3 Memorandum of Understanding

- 3.3.1 On 1 April 2018 the LGPC issued a template Memorandum of Understanding (MoU), as produced by Squire Patton Boggs for funds to issue to their participating employers. The aim of the document is to set out that participating employers in the LGPS are able to share data with the LGPS administering authority without a data sharing agreement being in place (i.e. that there is no legal requirement for employers to have a data sharing agreement with LGPS administering authorities as they are both data controllers).
- 3.3.2 As with the Privacy Notice the MoU will need to be tailored to the Fund's specific circumstances with oversight of LGSS Law and the Council's Information Governance Team before it is released to the employers in the Fund. The template MoU as issued by LGPC can be found in appendix 4.

3.4 GDPR compliant contract terms

- 3.4.1 LGSS Pensions has started to receive revised contract terms from the Fund's suppliers of services and to whom personal data is supplied and processed. These revised contract terms have been passed to LGSS Law to provide confirmation of appropriateness and amendments were required.
- 3.4.2 Whilst it is expected that suppliers will make the first contact with the Fund to agree revised contract terms, officers will be writing to all suppliers who have not done so with effect from 23 April 2018.

- 3.4.3 Confirmation has also been sought from the County Council's Information Governance Team as to whether the Council's corporate contract terms for services such as printing (i.e. printing of pensioner payslips) are or will be GDPR compliant by 25 May 2018. The Local Pension Board will be updated as to the current status of this during this meeting.

3.5 Appointment of a Data Protection Officer

- 3.5.1 It is the responsibility of the data controller, i.e. the administering authority (County Council) to appoint a Data Protection Officer. At the time of writing this report no appointment has been made.

4. Next steps

- 4.1 Officers of LGSS Pensions will progress the activities as detailed in section 3 of this report with the exception of 3.5 which is the responsibility of the County Council.
- 4.2 A report will be presented at the next meeting of the Local Pension Board detailing the extent of compliance with GDPR and the completed documents as detailed in 3.1 to 3.3 of this report.

5. Relevant Pension Fund Objectives

1. 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.
2. 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.
3. 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.
5. Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
11. Maintain accurate records and ensure data is protected and used for authorised purposes only.

6. Finance & Resources Implications

- 6.1 The cost of implementing the GDPR, such as LGSS Law's fees, will be met via normal operating activities of the administration budget.

7. Risk Implications

- a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There is no risk associated with preparing for and complying with the requirements of the GDPR.	N/A	Green

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

Risk	Risk Rating
Failure to understand the implications of the GDPR may result in a fine of up to £17m or 4% of global turnover to be paid by the administering authority.	Red

8. Communication Implications

Website	Privacy notices will be published on the Fund's website
Communications	Scheme members will be contacted at appropriate times as to their rights under the GDPR.
Training	All officers of LGSS Pensions will receive training as to the requirements and provisions of the GDPR.

9. Legal Implications

9.1 Legal advice will be sought where deemed necessary during the implementation of the GDPR.

10. Consultation with Key Advisers

10.1 Consultation will take place as the project progresses.

11. Alternative Options Considered

11.1 Not applicable

12. Background Papers

12.1 Previous reports presented to the Local Pension Board on 27 October 2017 and 23 February 2018 which can be found here:

https://cmis.cambridgeshire.gov.uk/ccs_live/Committees/tabid/62/ctl/ViewCMIS_CommitteeDetails/mid/381/id/18/Default.aspx

13. Appendices

- 13.1 Appendix one – LGPC Frequently Asked Questions
- 13.2 Appendix two – LGPC Privacy Notice (full length)
- 13.3 Appendix three – LGPC Privacy Notice (summary)
- 13.4 Appendix four – LGPC Memorandum of Understanding

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 09/04/2018

Q&A for LGPS members

What is the GDPR?

The General Data Protection Regulation (GDPR) is a new set of European Union (EU) regulations due to come into force on 25 May 2018. It will change how organisations process and handle data, with the key aim of giving greater protection and rights to individuals.

What laws currently govern data protection in the UK?

Currently in the UK the Data Protection Act 1998 sets out how your personal information can be used by companies, government and other organisations. The GDPR will replace the Data Protection Act 1998 when it comes into force on 25 May 2018.

Will the GDPR still apply to the UK after Brexit?

The UK is in the process of implementing a new Data Protection Bill which largely includes all the provisions of the GDPR. There are some small differences, but once the Bill has passed through Parliament and become an Act, UK law on data protection will largely be the same as that of the GDPR.

So what's new?

There are new and extended rights for individuals in relation to the personal data an organisation holds about them, for example, an extended right to access and a new right of data portability. You can obtain further information about these rights from the Information Commissioner's Office at: www.ico.org.uk or via their telephone helpline (0303 123 1113).

In addition, organisations will have an obligation for better data management and a new regime of fines will be introduced for use when an organisation is found to be in breach of the GDPR.

What are the main principals of the GDPR?

The GDPR states that personal data must be:

- processed lawfully, fairly and in a transparent manner
- collected only for specified, explicit and legitimate purposes
- adequate, relevant and limited to what is necessary
- accurate and kept up to date
- held only for the absolute time necessary and no longer
- processed in a manner that ensures appropriate security of the personal data.

What is personal data?

The GDPR applies to 'personal data' meaning any information relating to an identifiable person who can be directly or indirectly identified in particular by reference to an identifier.

This definition provides for a wide range of personal identifiers to constitute personal data, including name, identification number, location data or online identifier, reflecting changes in technology and the way organisations collect information about people.

How will the GDPR affect LGPS members?

Your LGPS fund will already have procedures in place which comply with similar data protection principles under the Data Protection Act 1998. The new regulations will reinforce these existing requirements, and LGPS members are unlikely to notice a change in the service they receive from their LGPS fund.

How will members know that their LGPS fund is GDPR compliant?

Every LGPS fund will be required to update their privacy notice in line with the new requirements setting out, among other things, why certain data is held, the reason for processing the data, who they share the data with and the period for which the data will be retained. Within the notice, members will also be provided with additional information about their rights under the legislation.

Why do LGPS funds hold personal data?

LGPS funds require various pieces of personal data provided by both the individual member and their employer in order to administer the pension scheme. This data includes, but is not limited to, names, addresses, National Insurance numbers and salary details which are required to maintain scheme records and calculate member benefits.

Who do LGPS funds share personal data with?

On occasion, LGPS funds are required to share personal data with third parties in order to meet regulatory and government requirements, to gather necessary information for the accurate payment of member benefits and to ensure scheme liabilities are met. Each fund's privacy notice will set out who they share data with; this is likely to include bodies such as scheme employers, fund actuaries, auditors and HMRC.

Can LGPS members ask for their data to be deleted?

The GDPR provides individuals with the 'right to be forgotten' in certain limited circumstances. However, in practical terms the exercise of this right in relation to LGPS funds is limited as the deletion of data can prevent the fund from carrying out its duties. LGPS funds are required to process personal data to comply with legal obligations under pension legislation, therefore, the 'right to be forgotten' is unlikely to apply to data held by LGPS funds.

What happens if there is a data breach?

Data breaches are a rare occurrence within LGPS funds. However, should a security breach concerning a member's personal data occur that is likely to result in a risk to that member's rights and freedoms, there will be a direct obligation under the GDPR for the fund to inform the Information Commissioners Office within 72 hours of the breach taking place.

LOCAL GOVERNMENT ASSOCIATION

TEMPLATE FULL PRIVACY NOTICE FOR LGPS FUNDS

1. This template privacy notice has been prepared for the Local Government Association. We understand that copies will be provided to the administering authorities of Local Government Pension Scheme funds in England and Wales. **This template will need to be tailored to the specific circumstances of each fund.** Accordingly we accept no liability to individual funds or their administering authorities unless we provide formal advice specific to that authority.
2. This template is not advice to other connected or stakeholder parties, their auditors or other advisers, or other third parties ("Third Parties"). Other than as noted in paragraph 1 above, no part of this template may be passed on to Third Parties without our written agreement but, if it is so passed, we accept no responsibility, and will have no liability in contract, tort or otherwise, to those Third Parties in relation to this template.
3. This template has been prepared based on an understanding of the law as at the date of issue. In particular, the Data Protection Bill is still going through Parliament and the Information Commissioner is expected to issue further guidance which may be relevant. Accordingly, it is possible that this template will need to be updated if the law changes or guidance is revised. However, we will only do so if the Local Government Association specifically give us written instructions to do so.
4. This template is intended to enable administering authorities, in their capacity as data controller of personal data relating to the Local Government Pension Scheme fund for which they are responsible, to satisfy their obligation under the General Data Protection Regulations ("GDPR") to inform affected individuals what personal data is held and how it is used for the purposes of the pension fund. We have not considered or advised on any tax or commercial implications that individual funds may wish to consider in conjunction with this notice.
5. This template takes into account guidance issued by the Information Commissioner and the EU Article 29 Data Protection Working Party as at the date of issue. In some cases we have taken a pragmatic view as to the level of detail included in the template, bearing in mind the need for the notice to be succinct and easy to understand. Individual funds will need to consider whether their own circumstances are such that more detail should be included. It is likely that best practice in this area will continue to develop and individual funds should review their privacy notices regularly and consider whether they should be updated and reissued.

Squire Patton Boggs (UK) LLP
8 March 2018

FULL PRIVACY NOTICE

for the members and beneficiaries of the **[-]**¹

This notice is for members **[and beneficiaries]** of the **[-]**² (the “Fund”)³. It has been prepared by **[-]**⁴ (the “Administering Authority”, or “we”) in its capacity as the administering authority of the Fund.⁵

This privacy notice is also provided at the following link:

[Insert link to relevant area of website]

Why we are providing this notice to you

As the Administering Authority of the Fund we hold certain information about you (“personal data”) which we use to administer the Fund and to pay benefits from it. This notice is designed to give you information about the data we hold about you, how we use it, your rights in relation to it and the safeguards that are in place to protect it.

The technical bit

The Administering Authority holds personal data about you in its capacity as data controller for the proper handling of all matters relating to the Fund, including its administration and management. This includes the need to process your data to contact you, to calculate, secure and pay your benefits, for statistical and financial modelling⁶ and for reference purposes (for example, when we assess how much money is needed to provide members’ benefits and how that money should be invested), and to manage liabilities and administer the Fund generally. Further information about how we use your personal data is provided below.

The legal basis⁷ for our use of your personal data will generally be one or more of the following:

- a) we need to process your personal data to satisfy our legal obligations as the Administering Authority of the Fund;**[and/or]**
- b) we need to process your personal data to carry out a task in the public interest or in the exercise of official authority in our capacity as a public body; **[and/or]**
- c) **[we need to process your personal data for the legitimate interests of administering and managing the Fund and liabilities under it, calculating, securing and paying benefits and performing our obligations and exercising any rights, duties and discretions the Administering Authority has in relation to the Fund][./; and/or⁸]**
- d) **[because we need to process your personal data to meet our contractual obligations to you in relation to the Fund (for example, under an agreement that you will pay**

¹ Please insert name of the Fund.

² Please insert name of the Fund.

³ Please let us know if members are paying AVCs and provide details of these arrangements.

⁴ Please insert name of the administering authority.

⁵ This Privacy Notice satisfies requirements of Articles 13 and 14 of the GDPR.

⁶ The Article 29 Data Protection Working Party guidelines suggest that more detail of any statistical and financial modelling should be provided where known.

⁷ This satisfies requirements of Articles 13(1)(c) of the GDPR.

⁸ The GDPR does not permit public authorities to rely on legitimate interests for any processing they undertake in their capacity as a public authority. However, where the public authority has other legitimate purposes outside of their tasks as a public authority e.g. a contract between the administering authority and individual where AVCs are being made, it may be possible to rely on legitimate interests as a legal basis for collecting and processing that personal data. Legal advice should be taken.

additional voluntary contributions to the Fund), or to take steps, at your request, before entering into a contract.]

What personal data we hold, and how we obtain it⁹

The types of personal data we hold and process about you can include:

- Contact details, including name, address, telephone numbers and email address.
- Identifying details, including date of birth, national insurance number and employee and membership numbers.
- Information that is used to calculate and assess eligibility for benefits, for example, length of service or membership and salary information.
- Financial information relevant to the calculation or payment of benefits, for example, bank account and tax details.
- Information about your family, dependents or personal circumstances, for example, marital status and information relevant to the distribution and allocation of benefits payable on death.
- Information about your health, for example, to assess eligibility for benefits payable on ill health, or where your health is relevant to a claim for benefits following the death of a member of the Fund.¹⁰
- Information about a criminal conviction if this has resulted in you owing money to your employer or the Fund and the employer or Fund may be reimbursed from your benefits.¹¹

We obtain some of this personal data directly from you.¹² We may also obtain data (for example, salary information) from your current or past employer(s) or companies that succeeded them in business, from a member of the Fund (where you are or could be a beneficiary of the Fund as a consequence of that person's membership of the Fund) and from a variety of other sources including public databases (such as the Register of Births, Deaths and Marriages), our advisers and government or regulatory bodies, including those in the list of organisations that we may share your personal data with set out below.¹³

Where we obtain information concerning certain “special categories” of particularly sensitive data, such as health information, extra protections apply under the data protection legislation. We will only process your personal data falling within one of the special categories with your consent, unless we can lawfully process this data for another reason permitted by that legislation. You have the right to withdraw your consent to the processing at any time by notifying the Administering Authority in writing¹⁴. However, if you do not give consent, or

⁹ Please consider whether any personal data other than that listed is held or processed. Please note that Article 9 of the GDPR applies different treatment to the processing of special categories of personal data.

¹⁰ Explicit consent will be required in the processing of health data and ill health early retirement applications. This privacy notice does not seek such consent, which should be obtained at the time of any application. It should not generally be necessary to renew consents obtained under the Data Protection Act 1998 in respect of past ill health early retirement applications provided that the requirements of GDPR were complied with. However, legal advice should be taken. As a pragmatic approach, Administering Authorities should consider renewing consent when communicating with individuals about special category data collected prior to 25 May 2018.

¹¹ Explicit consent will also be needed to process information about criminal convictions. See note 10 above.

¹² This satisfies requirements of Articles 14(1)(f) of the GDPR. Please note that where members are asked to provide health related data, explicit member consent to the processing of that data should be obtained at the time it is requested. See note 10 above.

¹³ Please note Article 14 sets out specific information obligations on the administering authority where it obtains information from a third party unless one of the exceptions under Article 14(5) apply. The Article 29 Working Party guidelines state that where possible specific sources of personal data should be listed – consider if any more need to be added (particularly any that a member might not generally be aware of).

¹⁴ If pre-GDPR consents did not inform members of this right (which is likely, given that it is a new explicit right under GDPR) then it may not be possible to rely on them. Retrospectively informing members may not be adequate therefore legal advice should be taken. See note 10 above.

subsequently withdraw it, the Administering Authority may not be able to process the relevant information to make decisions based on it, including decisions regarding the payment of your benefits.

Where you have provided us with personal data about other individuals, such as family members, dependants or potential beneficiaries under the Fund, please ensure that those individuals are aware of the information contained within this notice.

How we will use your personal data¹⁵

We will use this data to deal with all matters relating to the Fund, including its administration and management¹⁶. This can include the processing of your personal data for all or any of the following purposes:

- to contact you.
- to assess eligibility for, calculate and provide you (and, if you are a member of the Fund, your beneficiaries upon your death) with benefits.
- to identify your potential or actual benefit options.
- **[to allow alternative ways of delivering your benefits, for example, through the use of insurance products and transfers to or mergers with other pension arrangements.]**
- for statistical and financial modelling and reference purposes (for example, when we assess how much money is needed to provide members' benefits and how that money should be invested).
- to comply with our legal and regulatory obligations as the administering authority of the Fund.
- to address queries from members and other beneficiaries and to respond to any actual or potential disputes concerning the Fund.
- the management of the Fund's liabilities, including the entering into of insurance arrangements and selection of Fund investments.
- in connection with the sale, merger or corporate reorganisation of or transfer of a business by the employers that participate in the Fund and their group companies.¹⁷

Organisations that we may share your personal data with¹⁸

From time to time we will share your personal data with advisers and service providers so that they can help us carry out our duties, rights and discretions in relation to the Fund. Some of those organisations will simply process your personal data on our behalf and in accordance with our instructions. Other organisations will be responsible to you directly for their use of personal data that we share with them. They are referred to as data controllers and we have highlighted them in the table below. You will be able to find out about their own data protection policies (which will apply to their use of your data) on their websites¹⁹.

These organisations include the Fund's:²⁰

¹⁵ This satisfies requirements of Articles 13(1)(c) of the GDPR.

¹⁶ Reference to the external pension provider in respect of AVCs should be added if applicable. See note 3 above.

¹⁷ Please insert and identify any other purposes for which the personal data may be used in individual circumstances.

¹⁸ This satisfies requirements of Articles 13(1)(e) of the GDPR.

¹⁹ This is suggested as a pragmatic approach in order to keep the Fund's privacy notice as succinct and easy to understand as possible, rather than adding any specific information another data controller may ask the Administering Authority to include on its behalf. However, Administering Authorities should consult with their own providers (e.g. the Fund actuary).

²⁰ The suggested list of service providers will need to be tailored and completed. We have suggested whether a particular type of provider is a data processor or a data controller but this will need to be verified when the Administering Authority completes its data mapping exercise (to analyse what personal data is held in connection with the Fund and how it is processed). We have taken what we consider to be a reasonable view of whether entities are controllers or processors but that this is a complex matter and very grey area so we would recommend that the Administering Authority seeks legal advice.

<p>Data processors</p> <ul style="list-style-type: none"> • Administrator – (currently [-]) • [Third party administrators – (currently [-])] • Accountants – (currently [-]) • Communications adviser – (currently [-]) • Tracing bureaus for mortality screening and locating members²¹ – (currently [-]) • Overseas payments provider to transmit payments to scheme member with non-UK accounts – (currently [-]) • Printing companies – (currently [-]) • Pensions software provider – (currently [-]) • Suppliers of IT, document production and distribution services 	<p>Data controllers²²</p> <ul style="list-style-type: none"> • Actuarial consultant – (currently [-]) • Scheme benefit consultant – (currently [-]) • Investment adviser – (currently [-]) • [Additional Voluntary Contribution providers – (currently [-])]²³ • Legal adviser – (currently [-]) • Fund Actuary – (currently [-]) • Statutory auditor – (currently [-]) • External auditor – (currently [-]) • Internal auditor – (currently [-]) • Insurance companies in connection with ill health benefits – (currently [-]) • LGPS National Insurance database – (South Yorkshire Pensions Authority) • The Department for Work and Pensions • The Government Actuary's Department • The Cabinet Office – for the purposes of the National Fraud Initiative • HMRC • The Courts of England and Wales – for the purpose of processing pension sharing orders on divorce
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In each case we will only do this to the extent that we consider the information is reasonably required for these purposes.

In addition, where we make Fund investments or seek to provide benefits for Fund members in other ways, such as through the use of insurance, then we may need to share personal data with providers of investments, insurers and other pension scheme operators. In each case we will only do this to the extent that we consider the information is reasonably required for these purposes.²⁴

From time to time we may provide some of your data to your employer and their relevant subsidiaries (and potential purchasers of their businesses) and advisers for the purposes of enabling your employer to understand its liabilities to the Scheme. Your employer would generally be a controller of the personal data shared with it in those circumstances. For example, where your employment is engaged in providing services subject to an outsourcing arrangement, the Administering Authority may provide information about your pension benefits to your employer and to potential bidders for that contract when it ends or is renewed.

²¹ The Tracing bureaus may consider themselves to be data controllers – the Administering Authority may wish to check this with the tracing bureau directly.

²² This notice assumes there are no joint controller relationships. If that is the case, this notice will require amendment as Article 26 requires joint controllers to have an “arrangement” between them setting out their respective responsibilities and that the “essence of the arrangement shall be made available to the data subject”.

²³ This may require amendment depending on the pension arrangement used for AVCs. See note 3 above.

²⁴ The paragraph may be required where, for example, the Administering Authority secures benefits via insurance or a transfer to another pension arrangement.

Where requested or if we consider that it is reasonably required, we may also provide your data to government bodies and dispute resolution and law enforcement organisations, including those listed above²⁵, the Pensions Regulator, the Pensions Ombudsman and Her Majesty's Revenue and Customs (HMRC). They may then use the data to carry out their legal functions.

The organisations referred to in the paragraphs above may use the personal data to perform their functions in relation to the Fund as well as for statistical and financial modelling (such as calculating expected average benefit costs and mortality rates) and planning, business administration and regulatory purposes. They may also pass the data to other third parties (for example, insurers may pass personal data to other insurance companies for the purpose of obtaining reinsurance), to the extent they consider the information is reasonably required for a legitimate purpose.

In some cases these recipients may be outside the UK. This means your personal data may be transferred outside the EEA to a jurisdiction that may not offer an equivalent level of protection as is required by EEA countries. If this occurs, we are obliged to verify that appropriate safeguards are implemented with a view to protecting your data in accordance with applicable laws. Please use the contact details below if you want more information about the safeguards that are currently in place.²⁶

[We do not use your personal data for marketing purposes and will not share this data with anyone for the purpose of marketing to you or any beneficiary.]²⁷

How long we keep your personal data²⁸

We will only keep your personal data for as long as we need to in order to fulfil the purpose(s) for which it was collected and for so long afterwards as we consider may be required to deal with any questions or complaints that we may receive about our administration of the Fund, unless we elect to retain your data for a longer period to comply with our legal and regulatory obligations. In practice, this means that your personal data will be retained for such period as you (or any beneficiary who receives benefits after your death) are entitled to benefits from the Fund and for a period of **[15 years]²⁹** after those benefits stop being paid. For the same reason, your personal data may also need to be retained where you have received a transfer, or refund, from the Fund in respect of your benefit entitlement.

²⁵ Please confirm names of other organisations, including government agencies, with whom personal data may be shared.

²⁶ This is intended to satisfy the requirements of Articles 13(1)(f) and 14(1)(f) of the GDPR. The Article 29 Working Party guidelines state that known third countries should be specified, but this may not be practical. Administering Authorities should consider their own circumstances and take legal advice where appropriate.

²⁷ The use of personal data for direct marketing purposes is addressed at Article 21 of the GDPR and automated processing and profiling at Article 22. We assume there will be no automated processing which has a legal effect or significant impact on the data subject's rights but Administering Authorities should assess whether that is in fact the case and include appropriate wording where necessary to satisfy Article 13(2)(f) of the GDPR. There is no obligation to include a statement about the use of personal data for direct marketing purposes but Administering Authorities may wish to do so. Note, however, that if such a statement is included then it would be difficult in the future to change this position.

²⁸ This is intended to satisfy the requirements of Article 13(2)(a) of the GDPR. The Article 29 Working Party guidelines state that meaningful information about the likely period of retention should be provided and a generic statement is not appropriate. While the GDPR does not prescribe a time period beyond which data must not be kept, the data controller is under an obligation to inform individuals of the period for which data will be kept or, if this is not possible, the criteria that will be used to determine the retention period. The GDPR states that while the data is being retained, the data controller is also under an obligation to keep personal data up to date and to take every reasonable step to ensure that inaccurate data is either erased or rectified without delay. Further that data must not be kept in a form that is capable of identifying an individual for longer than is necessary. In practice, we anticipate that Administering Authorities will need to retain personal data held for the purposes of the Fund for extended periods because of the long-term nature of the pension liabilities. Consideration should, however, be given to "filleting" the data held so that individual items are not retained for longer than actually required. Administering Authorities will need to consider the extent to which the suggested wording matches their actual practice. See Articles 5(1) and 5(2), and in particular Article 5(1)(c) - (e) of the GDPR. Please also see Recital 39 of the GDPR.

²⁹ See note 28 above.

Your rights³⁰

You have a right to access and obtain a copy of the personal data that the Administering Authority holds about you and to ask the Administering Authority to correct your personal data if there are any errors or it is out of date. In some circumstances you may also have a right to ask the Administering Authority to restrict³¹ the processing of your personal data until any errors are corrected, to object to processing or to transfer or (in very limited circumstances) erase³² your personal data. You can obtain further information about these rights from the Information Commissioner's Office at: www.ico.org.uk or via their telephone helpline (0303 123 1113).

If you wish to exercise any of these rights or have any queries or concerns regarding the processing of your personal data, please contact the Fund Administrator as indicated below.³³ You also have the right to lodge a complaint in relation to this privacy notice or the Administering Authority's processing activities with the Information Commissioner's Office which you can do through the website above or their telephone helpline.³⁴

The personal data we hold about you is used to administer your Fund benefits and we may from time to time ask for further information from you for this purpose. If you do not provide such information, or ask that the personal data we already hold is deleted or restricted this may affect the payment of benefits to you (or your beneficiaries) under the Fund. In some cases it could mean the Administering Authority is unable to put your pension into payment or has to stop your pension (if already in payment).³⁵

Updates

We may update this notice periodically. Where we do this we will inform members of the changes and the date on which the changes take effect.

Contacting us³⁶

Please contact the Fund administrator **[-]** for further information.

³⁰ This satisfies requirements of Articles 13(2)(b) of the GDPR. Please note the privacy notice will need to be amended and simplified if it is to be sent to children in order to ensure they can understand the content. We are expecting guidance from the Information Commissioner's Office in relation to the processing of personal data belonging to children.

³¹ See Article 18 of the GDPR. The Administering Authority should restrict the processing of the personal data (subject to certain exceptions e.g. storage or to defend a legal claim or for reasons of important public interest) where the individual has contested the accuracy of the personal data. The processing would also have to be restricted in this way where the individual has raised an objection for any reason, and the Administering Authority's justification is based on the necessity to: perform a task in the public interest or pursuant to an official authority; or (if applicable) in its legitimate interests. The restriction will last until the administering authority is able to verify the accuracy of the personal data or demonstrate the justification for its processing respectively. For reference, note: Article 21(1) contains the right of the data subject to object to the processing of personal data in circumstances relating to the individual, where the controller is relying on the justifications in Article 6(1)(e) or (f), which includes those mentioned immediately above. Under Article 21(2), the right to object also includes where personal data is used for direct marketing purposes and profiling for that purpose.

³² See Articles 17(1) and 17(2) of the GDPR. This information has to be included notwithstanding that in relation to the LGPS it is not anticipated that members will in practice have a right of erasure (due to the legal basis for which personal data is collected and processed).

³³ The controller is also under an obligation to inform other data recipients that personal data has been restricted or erased, and inform the member of such data recipients on request. See Article 19 of the GDPR.

³⁴ This satisfies requirements of Articles 13(2)(b) of the GDPR.

³⁵ See Article 17(3) of the GDPR. Article 18(2) and 18(3) provide exceptions to the right of the member to restrict the processing of personal data in certain circumstances.

³⁶ This satisfies requirements of Articles 13(1)(a) of the GDPR.

Version 1: issued on **[insert date]**

Data Protection Officer

You may also contact our data protection officer **[-]** for further information.³⁷

³⁷ This satisfies requirements of Article 14(1)(b) of the GDPR.

LOCAL GOVERNMENT ASSOCIATION

TEMPLATE SHORT FORM PRIVACY NOTICE FOR LGPS FUNDS

1. This template privacy notice has been prepared for the Local Government Association. We understand that copies will be provided to the administering authorities of Local Government Pension Scheme funds in England and Wales. **This template will need to be tailored to the specific circumstances of each fund.** Accordingly we accept no liability to individual funds or their administering authorities unless we provide formal advice specific to that authority.
2. This template is not advice to other connected or stakeholder parties, their auditors or other advisers, or other third parties ("Third Parties"). Other than as noted in paragraph 1 above, no part of this template may be passed on to Third Parties without our written agreement but, if it is so passed, we accept no responsibility, and will have no liability in contract, tort or otherwise, to those Third Parties in relation to this template.
3. This template has been prepared based on an understanding of the law as at the date of issue. In particular, the Data Protection Bill is still going through Parliament and the Information Commissioner is expected to issue further guidance which may be relevant. Accordingly, it is possible that this template will need to be updated if the law changes or guidance is revised. However, we will only do so if the Local Government Association specifically give us written instructions to do so.
4. This template, together with the template full privacy notice, is intended to enable administering authorities, in their capacity as data controller of personal data relating to the Local Government Pension Scheme fund for which they are responsible, to satisfy their obligation under the General Data Protection Regulations ("GDPR") to inform affected individuals what personal data is held and how it is used for the purposes of the pension fund. Depending on the context in which this short form template is used, individual administering authorities may wish to include more or less information than is suggested. The footnotes in this short form template and the template full privacy notice should both be considered when tailoring this template. We have not considered or advised on any tax or commercial implications that individual funds may wish to consider in conjunction with this notice.
5. This template takes into account guidance issued by the Information Commissioner and the EU Article 29 Data Protection Working Party as at the date of issue. In some cases we have taken a pragmatic view as to the level of detail included in the template, bearing in mind the need for the notice to be succinct and easy to understand. Individual funds will need to consider whether their own circumstances are such that more detail should be included. It is likely that best practice in this area will continue to develop and individual funds should review their privacy notices regularly and consider whether they should be updated and reissued.

**Squire Patton Boggs (UK) LLP
8 March 2018**

PRIVACY NOTICE (SUMMARY)

for the members and beneficiaries of the [-]¹

As the Administering Authority of the Fund we hold certain information about you (“personal data”) which we need to administer the Fund.

We have summarised some of the key ways in which we deal with this information below. Further information can be found in the Full Privacy Notice at the following link:

[Insert link to relevant area of website]

What personal data do we hold?

The types of data we hold and process will typically include:

- Contact details, including name, address, telephone numbers and email address.
- Identifying details, including date of birth and national insurance number.
- Information relating to your benefits in the Fund, including length of service or membership and salary.
- Other information in relation to your membership of the Fund or to enable the calculation or payment of benefits, for example bank account details.
- Information about your family, dependents or personal circumstances, for example, marital status and information relevant to the distribution and allocation of benefits payable on death.
- Information about your health, for example, to assess eligibility for benefits payable on ill health, or where your health is relevant to a claim for benefits following the death of a member of the Fund.
- Information about a criminal conviction if this has resulted in you owing money to your employer or the Fund and the employer or Fund may be reimbursed from your benefits.

We obtain some of this personal data directly from you. We may also obtain data from your employer (for example, salary information) and from other sources including public databases.

What will we do with your personal data?

We will use this personal data to administer the Fund and to calculate and provide you (and, if you are a member of the Fund, your beneficiaries if you die) with benefits. We will also use this personal data for statistical and financial modelling and reference purposes (for example, when we assess how much money is needed to provide members’ benefits and how that money should be invested), and to comply with our legal obligations.

From time to time we will share your personal data with third parties, including our contractors, advisors, government bodies and dispute resolution and law enforcement agencies and insurers in order to comply with our obligations under law, and in connection with the provision of services that help us carry out our duties, rights and discretions in relation to the Fund. These organisations are listed in the full Privacy Notice.

In some cases these recipients may be outside the UK. If this occurs, we will make sure that appropriate safeguards are in place to protect your data in accordance with applicable laws. Please use the contact details below if you want more information in connection with this.

¹ Please insert name of the Fund.

What is the legal basis for our use of your personal data?

The legal basis for our use of your personal data will generally be one or more of the following:

- a) we need to process your personal data to satisfy our legal obligations as the Administering Authority of the Fund; **[and/or]**
- b) we need to process your personal data to carry out a task in the public interest or in the exercise of official authority in our capacity as a public body; **[and/or]**
- c) **[we need to process your personal data for the legitimate interests of administering and managing the Fund and liabilities under it, calculating, securing and paying benefits and performing our obligations and exercising any rights, duties and discretions the Administering Authority has in relation to the Fund][./; and/or²]**
- d) **[because we need to process your personal data to meet our contractual obligations in relation to the Fund (for example, under an agreement that you will pay additional voluntary contributions to the Fund), or to take steps, at your request, before entering into a contract.]**

How long will we hold your data?

We will only keep your personal data for as long as we need it to administer the Fund and to deal with any questions or complaints that we may receive about this, unless the law requires us to keep it for a longer period. In practice, this means that your personal data may be retained for as long as you (or any beneficiary who receives benefits after your death) are entitled to benefits from the Fund and for a period of **[15 years]** after those benefits stop being paid. For the same reason, your personal data may also need to be retained where you have received a transfer, or refund, from the Fund in respect of your benefit entitlement.

Your rights

You have a right to access and obtain a copy of the personal data that we hold about you and to ask us to correct your personal data if there are any errors or it is out of date. In some circumstances you may also have a right to ask us to restrict the processing of your personal data until any errors are corrected, to object to processing or to transfer or (in very limited circumstances) erase your personal data. You can obtain further information about these rights from the Information Commissioner's Office at: www.ico.org.uk or via their telephone helpline (0303 123 1113).

If you wish to exercise any of these rights, please contact the Fund Administrator below. You also have the right to lodge a complaint in relation to this summary notice, the full Privacy Notice or our processing activities with the Information Commissioner's Office, which you can do through the website above or their telephone helpline.

We may from time to time ask for further information from you. If you do not provide such information, or ask that the personal data we already hold is deleted or restricted, this may affect the benefits payable to you under the Fund. In some cases it could mean that we are unable to put your pension into payment or have to stop your pension (if already in payment).

Contacting us

Please contact the Fund administrator **[-]** for further information.

² The GDPR does not permit public authorities to rely on legitimate interests for any processing they undertake in their capacity as a public authority. However, where the public authority has other legitimate purposes outside of their tasks as a public authority e.g. a contract between the Administering Authority and individual where AVCs are being made, it may be possible to rely on legitimate interests as a legal basis for collecting and processing that personal data. Legal advice should be taken.

Version 1: valid from **[insert date]**

Data Protection Officer

You may also contact our data protection officer **[-]** for further information.

LOCAL GOVERNMENT ASSOCIATION

TEMPLATE MEMORANDUM OF UNDERSTANDING FOR LGPS FUNDS

1. This template memorandum of understanding has been prepared for the Local Government Association. We understand that copies will be provided to the administering authorities of Local Government Pension Scheme funds in England and Wales. **This template will need to be tailored to the specific circumstances of each fund.** Accordingly we accept no liability to individual funds or their administering authorities unless we provide formal advice specific to that authority.
2. This template is not advice to other connected or stakeholder parties, their auditors or other advisers, or other third parties ("Third Parties"). Other than as noted in paragraph 1 above, no part of this template may be passed on to Third Parties without our written agreement but, if it is so passed, we accept no responsibility, and will have no liability in contract, tort or otherwise, to those Third Parties in relation to this template.
3. This template has been prepared based on an understanding of the law (including taking into account guidance issued by the Information Commissioner and the EU Article 29 Data Protection Working Party) as at the date of issue. In particular, the Data Protection Bill is still going through Parliament and the Information Commissioner is expected to issue further guidance which may be relevant. Accordingly, it is possible that this template will need to be updated if the law changes or guidance is revised. However, we will only do so if the Local Government Association specifically give us written instructions to do so.
4. This template has been prepared for administering authorities, in their capacity as data controller of personal data relating to the Local Government Pension Scheme fund for which they are responsible, to set out for other participating employers in that fund their respective rights and obligations in relation to such data. In particular, this template assumes that other participating employers are themselves data controllers of the personal data, a copy of which they pass to the administering authority. Administering authorities will need to consider whether that is the case in respect of their own fund and tailor the memorandum of understanding to their individual circumstances. If in fact either party processes personal data on behalf of the other or if the two parties maintain a collective pool of personal data (such that they are joint data controllers for the purposes of the General Data Protection Regulations ("GDPR")) then this memorandum of understanding will require amendment to ensure it complies with GDPR.
5. This template has been prepared as a memorandum of understanding for administering authorities to issue to participating employers in their fund. It does not require signature by the employers and is not a legally binding document. There is no requirement under GDPR for data controllers to enter into formal contractual relationships with other data controllers with whom they share and from whom they receive personal data. However, data controllers may wish to do so in order to create enforceable rights as to the data received or provided, how their systems are accessed and/or to demonstrate they have taken appropriate technical and security measures before transferring personal data. Administering authorities should

consider whether employers should be asked to sign a copy of the memorandum to acknowledge and accept its contents and/or to create a binding contract that the administering authority could look to enforce if a particular employer did not satisfy its terms. We have not considered or advised on any tax or commercial implications that individual funds may wish to consider in conjunction with this memorandum. The memorandum reflects the strict legal requirements imposed on data controllers but individual funds may wish to include additional provisions. For example, funds may wish to include details of their expectations as to the provision of data by employers (format, accuracy, timeliness etc.) or requirements for employers and the fund to cooperate in the event of a data breach or any exercise by a fund member of their rights under GDPR.

Squire Patton Boggs (UK) LLP
29 March 2018

LOCAL GOVERNMENT PENSION SCHEME

Memorandum of Understanding¹ regarding Compliance with Data Protection Law

1 INTRODUCTION

1.1 The Local Government Pension Scheme (“**LGPS**”) in England and Wales is an occupational pension scheme registered under section 153 of the Finance Act 2004 and its rules are currently set out in The Local Government Pension Scheme Regulations 2013 (SI 2013/2356) as amended (“**LGPS Regulations**”).

1.2 The LGPS is administered locally by administering authorities which are defined in Regulation 2 of the LGPS Regulations and listed in Part 1 of Schedule 3 of the LGPS Regulations.

1.3 [NAME OF ADMINISTERING AUTHORITY] (“**Administering Authority**”) is an administering authority under the LGPS Regulations. The Administering Authority manages and administers the [NAME OF FUND] pension fund within the LGPS (the “**Fund**”) in accordance with its statutory duty under Regulation 53 of the LGPS Regulations. Employers employing employees who are eligible to be members of the LGPS will participate in the Fund as a “**Scheme Employer**” (as defined in schedule 1 of the LGPS Regulations). The Administering Authority and the Scheme Employer (together the “**Parties**”) are required to share personal data relating to the Scheme Employer’s current and former employees who participate in the Fund (the “**Members**”) and their dependants, in order for the Administering Authority to fulfil its statutory duties to manage and administer the Fund under Regulation 53 of the LGPS Regulations and provide the Members with benefits upon retirement, pay ill-health benefits, pay death grants, pay survivors’ pensions to Members’ spouses, civil partners and co-habiting partners, pay children’s pensions upon the death of the Member, offer Members the option of paying additional voluntary contributions to one or more providers in accordance with Regulations 1 – 52 of the LGPS Regulations.

1.4 Scheme Employers are under a statutory obligation, as detailed in Regulation 80 of the LGPS Regulations, to provide certain personal data relating to its Members on an annual basis to the Administering Authority, including the Member’s name, gender, date of birth, national insurance number, pensionable pay, employer and employee pension contributions, details of any additional pension contributions and additional voluntary contributions.²

1.5 This Memorandum of Understanding sets out:

- (a) the basis on which data will be shared between the Parties;

¹ Please note that this Memorandum of Understanding is a template and will need to be tailored to the circumstances applicable to the Administering Authority with legal advice where appropriate. The Memorandum of Understanding has been drafted on the basis that it does not need to be signed by all Scheme Employers in the Fund. It is intended that this is put on the Administering Authority’s website and/or sent out to all current and new Scheme Employers in the Fund. The Administering Authority may wish to take further legal advice to ensure full compliance with GDPR.

² The Administering Authority may wish to consider adding in or cross referencing any other document which reminds the Scheme Employer of specific requirements and / or standards for the format, timing and accuracy of the data provided to the Administering Authority.

- (b) the Administering Authority's expectations of the Scheme Employer during its participation in the Fund;

in order to comply with Data Protection Law, including the General Data Protection Regulation (2016/679) ("**GDPR**") which will have direct legal effect in the UK on and after 25 May 2018³.

1.6 References to "**Data Protection Law**" in this Memorandum of Understanding mean the Data Protection Act 1998, the Data Protection Directive (95/46/EC), the Electronic Communications Data Protection Directive (2002/58/EC), the Privacy and Electronic Communications (EC Directive) Regulations 2003 (SI 2426/2003) (as amended), the General Data Protection Regulation (2016/679) and all applicable laws and regulations relating to personal data and privacy which are enacted from time to time, including (where applicable) the guidance and codes of practice issued by the Information Commissioner's Office and any other competent authority.

2 DATA CONTROLLERS⁴

2.1 The Parties acknowledge that they will:

- (a) not hold a pool of joint data⁵;
- (b) be separate and independent data controllers in relation to the copies of the Members' personal data they respectively hold;
- (c) act as data controller in relation to personal data transferred to them;
- (d) each be responsible for complying with the requirements in Data Protection Law that are applicable to them as data controllers.

2.2 References to Members' personal data includes personal data relating to the Members' dependants (including children) and spouses/civil partners (where applicable).

³ Administering Authorities should note that the Memorandum of Understanding is not legally binding. There are alternatives to issuing the Memorandum of Understanding, for example the Administering Authority could request that all Scheme Employers in the Fund sign a data protection agreement, which would be legally binding. Administering Authorities may wish to seek legal advice to assist them in deciding what documentation to put in place to comply with GDPR. In particular, GDPR requires specific contractual terms to be put in place with data processors and joint data controllers. This template assumes the Parties are separate data controllers.

⁴ Consideration to be given to the roles and responsibilities in practice. For example, some Administering Authorities operate a practice whereby Scheme Employers are given access to parts of the pension administration system in order to view or update their members' records. It needs to be established which of the Parties (i.e. the Scheme Employer and the Administering Authority) is a data controller, which is a data processor and whether there are data processing agreements in place. The outcome will be a question of fact based on each individual situation. The Administering Authority may wish to receive legal advice.

⁵ The Administering Authority may wish to take legal advice to establish whether or not there is a pool of joint data held – if there is, this Memorandum of Understanding may not be suitable.

3 DATA SHARING⁶

3.1 The Parties confirm that they understand their respective obligations under Data Protection Law as data controllers and agree to only process personal data⁷ relating to the Members:

- (a) fairly and lawfully and in accordance with the data protection principles set out in Data Protection Law;
- (b) where there are lawful grounds for doing so⁸; and
- (c) in accordance with Data Protection Law and best practice guidance (including the Data Sharing Code issued by the Information Commissioner's Office and updated from time to time).

3.2 Each Party will separately inform the Members (as required under Data Protection Law) of the respective purposes for which they will each process their personal data and provide all required information to ensure that the Members understand how their personal data will be processed in each case by the Administering Authority or Scheme Employer (as applicable). The Scheme Employer's privacy notice to Members will inform them that their personal data will be provided to the Administering Authority and a copy of that notice will be provided to the Administering Authority on request⁹.

3.3 [Each Party confirms that it understands its respective obligations under Data Protection Law, to ensure that the Members' personal data of which it is a data controller is kept and used securely at all times and to take such technical and organisational security measures against unauthorised and unlawful processing of, accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to the Members' personal data transmitted, stored or otherwise processed as may be required¹⁰. Such measures will have due regard to the state of technological development and the cost of implementation of these measures, to ensure a level of security appropriate to the harm that might result from such processing and the nature, scope, context and purposes of processing the Members' personal data and the risk or likelihood and severity for the rights and freedoms of data subjects. Such measures will ensure:

- (a) the ongoing confidentiality, integrity, availability and resilience of processing the Members' personal data;
- (b) the ability to restore the availability and access to the Members' personal data in a timely manner in the event of a physical or technical incident;

⁶ The Administering Authority may wish to consider including specific commitments from the Scheme Employer to, for example, ensure the data they provide is accurate and they are entitled to provide it to the Administering Authority. Note, however, the Memorandum of Understanding is not legally binding so the Administering Authority would not easily be able to bring a claim in the event those commitments were not satisfied.

⁷ The Administering Authority may wish to consider defining what constitutes personal data.

⁸ The Administering Authority may wish to seek legal advice in order to establish the legal basis on which members' personal data can be processed.

⁹ The Administering Authority may wish to consider if it would want any further control over or input into the Scheme Employer's privacy notice.

¹⁰ The Administering Authority may wish to consider specifying the security measures that are to be put in place. Such measures may vary depending upon the Scheme Employer's IT systems.

- (c) carrying out of regular testing, assessing and evaluating the effectiveness of technical and organisational measures for ensuring the security of the processing.]

3.4 Each Party undertakes to notify the other as soon as practicable if an error is discovered in the Members' personal data of which it is a data controller and which was received from or a copy of which has been provided to the other Party, to ensure that such other Party is then able to correct its own records. This will happen whether the error is discovered through existing data quality initiatives or is flagged up through some other route (such as the existence of errors being directly notified to the Administering Authority or Scheme Employer (as appropriate) by the Member (or the Member's dependants, spouse/civil partner) themselves).

4 TRANSFER OF MEMBERS' PERSONAL DATA

4.1 The Parties agree that Members' personal data will only be transferred from one Party to the other via an acceptable method specified by the Administering Authority which may include any of the following¹¹:

- (a) [face to face]
- (b) [courier]
- (c) [secure email]
- (d) [SFTP link]
- (e) [encrypted removable media]
- (f) [access secure website]
- (g) [third party solution as agreed by the Parties]
- (h) [INCLUDE DETAILS OF ANY OTHER PREFERRED METHOD]

4.2 Each Party will, when transferring the Members' personal data of which it is the data controller to the other Party, ensure that that data is secure during transit (whether physical or electronic).

4.3 If either the Administering Authority or the Scheme Employer appoints professional advisers, third party administrators or another entity which provides other services involving the transfer of Members' personal data, those third parties will be data processors or data controllers in their own right. The Administering Authority or the Scheme Employer (as applicable) will comply with its own obligations in accordance with Data Protection Law (in particular, by ensuring that any entity to which it transfers Members' personal data also complies with Data Protection Law) and shall ensure that that nothing in the terms of

¹¹ The Administering Authority should consider which of these method are suitable and appropriate. The Administering Authority may wish to take into account the Scheme Employer's IT systems. The Administering Authority may wish to consider whether to use additional data encryption when sensitive personal data such as health data is being sent.

engagement between the Administering Authority or the Scheme Employer (as applicable) and such third party would contradict this Memorandum of Understanding¹².

5 RIGHTS OF MEMBERS (INCLUDING THE MEMBER'S DEPENDANTS, SPOUSES/CIVIL PARTNERS (WHERE APPLICABLE))

5.1 Each Party shall, in respect of the personal data of which it is a data controller, respond to any requests from Members to have access to any of their personal data or a complaint or enquiry relating to that Party's processing of the Members' personal data received by that Party in line with its own obligations under the Data Protection Law.

5.2 Each Party agrees to provide reasonable assistance to the other as is necessary to enable the other Party to comply with any such requests in respect of Members' personal data of which that Party is a data controller and to respond to any other queries or complaints from Members.

6 DATA SECURITY BREACHES AND REPORTING PROCEDURES

6.1 Each Party confirms that it understands its respective obligations under Data Protection Law in the event of any personal data breach, unauthorised or unlawful processing of, loss or destruction of or damage to any of the Members' personal data, including (where necessary) an obligation to notify the Information Commissioner's Office and/or the Member(s).

7 RESPONSIBILITIES OF SCHEME EMPLOYERS

7.1 Notwithstanding the statutory obligations which apply to Scheme Employers under the LGPS Regulations and as a data controller under Data Protection Law, the Administering Authority, as Administering Authority for the Fund, expects Scheme Employers participating in the Fund to comply with the responsibilities set out below in relation to Members' personal data.

7.2 On request, the Scheme Employer will inform [NAME OF PERSON/POSITION] at the Administering Authority of any appointed qualified person to fulfil the role of data protection officer ("DPO") together with their contact details. If the Scheme Employer has not appointed a DPO, the Scheme Employer, on request, will inform [NAME OF PERSON/POSITION] at the Administering Authority of the details of a nominated person for GDPR compliance purposes.

7.3 [The Scheme Employer will demonstrate to the Administering Authority's satisfaction when dealing with ill health early retirement applications for current employees that explicit Member consent has been received which gives consent to processing by both the Scheme Employer and the Administering Authority. In the absence of such consent, the Administering Authority may not be able to process the Member's application.]¹³

¹² The Administering Authority should consider whether it would want any control over appointments by Scheme Employers, particularly if the third party might have access to data held by the Administering Authority and/or its systems. This would require a formal contract between the Administering Authority and the Scheme Employer, rather than a non-binding Memorandum of Understanding.

¹³ Consent is needed under the Access to Medical Reports Act 1988 in relation to health data in any event, therefore the Administering Authority may wish to seek its own legal advice in relation to this in order to establish a policy in this area. Consent for GDPR purposes is recommended, but needs to be fully informed, specific, unambiguous and freely given by way of a statement of clear affirmative action by the Member. The Administering Authority may prefer to seek such consent itself rather than relying on the Scheme Employer.

7.4 The Scheme Employer acknowledges the financial penalties that can be imposed by the Information Commissioner's Office in relation to breaches of Data Protection Law [and will inform the Administering Authority within [TIMESCALE] from the point that it becomes aware that the Scheme Employer may be liable to pay such a financial penalty]¹⁴. [The Scheme Employer further acknowledges that any liability it may have to pay a financial penalty to the Information Commissioner's Office may result in a revision of the rates and adjustments certificate in accordance with Regulation 62(7) of the LGPS Regulations.]

8 [COMPLIANCE WITH THE MEMORANDUM OF UNDERSTANDING]

8.1 Failure by the Scheme Employer to comply with the terms set out in this Memorandum of Understanding may result in the Administering Authority taking any or all of the following actions:

- (a) [reporting the Scheme Employer's non-compliance to the Information Commissioner's Office];
- (b) [ANY OTHER ACTION WHICH THE ADMINISTERING AUTHORITY DEEMS APPROPRIATE AND WHICH IS WITHIN ITS POWERS TO DO SO].]¹⁵

9 REVIEW AND AMENDMENT OF MEMORANDUM OF UNDERSTANDING

The Administering Authority will review the Memorandum of Understanding [annually / from time to time]¹⁶. The Administering Authority reserves the right to amend the Memorandum of Understanding at any time [and with immediate effect]¹⁷ [and will provide written notice to the Scheme Employer of such amendment]¹⁸.

¹⁴ The Administering Authority should consider whether it would like to be informed of any financial penalty which is imposed/is likely to be imposed on a Scheme Employer. This could have an impact on the Scheme Employer's covenant to the Fund if sufficiently material. Note that if the Administering Authority and Scheme Employer are in fact joint data controllers they could have joint and several liability for any financial penalty. In those circumstances the Administering Authority might wish to seek an indemnity from the Scheme Employer for any financial penalty imposed on the Administering Authority as a result of a breach by the Scheme Employer (e.g. if the data provided by the Scheme Employer was inaccurate and the Administering Authority was held liable for breach of its own obligation to maintain accurate data). Any such indemnity would need to be contained in a legally binding contract rather than a Memorandum of Understanding in order to be enforceable.

¹⁵ The Administering Authority may wish to consider what action, if any, it would take against a Scheme Employer who was not complying with the requirements set out in this Memorandum of Understanding bearing in mind that it is not legally binding unless it is signed.

¹⁶ The Administering Authority should consider how often it would like to review the Memorandum of Understanding.

¹⁷ The Administering Authority may wish to consider when it would like any amendments to take effect.

¹⁸ The Administering Authority may wish to consider whether it would like to provide notice of any amendment to the Memorandum of Understanding.

CAMBRIDGESHIRE PENSION FUND BOARD AGENDA PLAN

Updated on 10 April 2018



Cambridgeshire
County Council

Agenda Item No: 10

Notes

Items shown in bold have been or will be considered by the Pension Fund Committee.

Draft reports are due with the Democratic Services Officer by 10.00 a.m. eight clear working days before the meeting.
The agenda dispatch date is six clear working days before the meeting.

Meeting date	Agenda item	Lead officer	Deadline for draft reports	Agenda despatch date
06/07/18	Election of Chairman/woman		25/06/18	27/06/18
	Election of Vice-Chairman/woman			
	Minutes 20/04/18	R Yule		
	Administration Report (includes Employers, Admissions and Cessations Report, Business Plan Update and Governance and Legislation Report	J Walton		
	Governance and Legislation Report [standing item, to include policy monitoring]	J Walton		
	Implementation of the General Data Protection Regulation (GDPR) [standing item]	J Walton		
	Overseas Pensioners Proof of Existence Exercise - update	J Walton		
	Pension Committee Minutes.	J Walton		
	Asset Pooling update [standing item]	M Whitby		
	Forward agenda plan [standing item]	R Yule		

Meeting date	Agenda item	Lead officer	Deadline for draft reports	Agenda despatch date
19/10/18	Minutes 20/07/18	R Yule	08/10/18	10/10/18
	Administration Report (includes Employers, Admissions and Cessations Report, Business Plan Update and Governance and Legislation Report	J Walton		
	Governance and Legislation Report [standing item, to include policy monitoring]	J Walton		
	(Draft?) Annual Report and Statement of Accounts	M Whitby		
	Pension Committee Minutes.	J Walton		
	Asset Pooling update [standing item]	M Whitby		
	Forward agenda plan [standing item]	R Yule		
15/02/19	Minutes 26/10/18	R Yule	04/02/19	06/02/19
	Administration Report (includes Employers, Admissions and Cessations Report, Business Plan Update and Governance and Legislation Report	J Walton		
	Governance and Legislation Report [standing item, to include policy monitoring]	J Walton		
	Pension Committee Minutes.	J Walton		
	Asset Pooling update [standing item]	M Whitby		
	Forward agenda plan [standing item]	R Yule		
03/05/19	Minutes 15/02/19	R Yule	18/04/19*	24/04/19
	Administration Report (includes Employers, Admissions and Cessations Report, Business Plan Update and Governance and Legislation Report	J Walton		
	Governance and Legislation Report [standing item, to include policy monitoring]	J Walton		

Meeting date	Agenda item	Lead officer	Deadline for draft reports	Agenda despatch date
	Pension Committee Minutes.	J Walton		
	Asset Pooling update [standing item]	M Whitby		
	Cambridgeshire Pension Fund Business Plan and Medium Term Strategy	J Walton		
	Forward agenda plan [standing item]	R Yule		

*unusually early because of Good Friday and Easter Monday (19 & 22 April)

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 20 April 2018

Report by: Head of Pensions

Subject:	Pension Fund Annual Business Plan and Medium-Term Strategy 2018/19 to 2020/21
Purpose of the Report	To present the Annual Business Plan and Medium-Term Strategy which details the Fund's key areas of activity over the period 2018/19 to 2020/21
Recommendations	The Board are asked to approve the attached Business Plan and Medium-Term Strategy
Enquiries to:	Mark Whitby – Head of Pensions E-mail - mwhitby@northamptonshire.gov.uk

1. Background

1.1 It is considered good governance for the Cambridgeshire Pension Fund to adopt a Business Plan and Medium-Term Strategy that:

- Sets out the objectives of Cambridgeshire County Council with regards to the management of the Fund;
- Documents the priorities and improvements to be implemented during the next three years to help achieve those objectives;
- Enables progress and performance to be monitored in relation to those priorities; and
- Provides a clear vision for the next three years.

1.2 The proposed Business Plan and Medium-Term Strategy for the Cambridgeshire Pension Fund for the period 2018/19 to 2020/21 is in Appendix 1 and was approved by the Pension Fund Committee on 29 March 2018.

2. The Business Plan and Medium-Term Strategy

2.1 The format of the Business Plan and Medium-Term Strategy has been revised for 2018/19 to reflect best practice. As such, the document concentrates on activities that are not considered business as usual, identifying key milestones and budget and resource requirements. It is split into the following core areas:

- Service delivery
- Governance and compliance
- Communications, systems and employer management
- Operations
- Investments, accounting and cash flow management

- 2.2 Progress made against the Business Plan will continue to be reported to the Committee and Board at each meeting. Where progress against the Business Plan has fallen behind schedule further detail will be provided.
- 2.3 The Pension Board is asked to note Appendix 2 (exempt) that sets out the results of a costing exercise to establish the efficiency of LGSS Pensions over the period 2014/15 to 2017/18.
- 2.4 A service level agreement between LGSS and the Funds was put in place in 2014/15 which included a mechanism allowing for the sharing of efficiency savings between the parties in the ratio one third (LGSS):two thirds (Funds). A £75k transaction in connection with this arrangement is included in Administration Expenses.

3. Finance & Resources Implications

- 3.1 Performance against the financial estimates in the Business Plan will be presented to the Pension Committee and Pension Board each meeting.

4. Risk Implications

- a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
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

Risk	Risk Rating
If the Fund does not have a Business Plan there is potential for a lack of direction, control and structure in the management of its business.	Amber

5. Communication Implications

Direct Communications	An update on progress made against the activities in the Business Plan will be presented to the Pension Committee and Pension Board each meeting.
Website	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 current and future key advisers have been consulted in the Business Plan and Medium-Term Strategy where necessary, including Hymans Robertson and Aon Hewitt.

8. Alternative Options Considered

- 8.1 The alternative of not having a Business Plan and Medium-Term Strategy is not considered an acceptable alternative for the Fund.

9. Background Papers

- 9.1 Not applicable.

10. Appendices

- 10.1 Appendix 1 Annual Business Plan and Medium-Term Strategy 2018/19 to 2020/21
10.2 Appendix 2 Memorandum: Efficiency improvements in the delivery of pension services (exempt)

Checklist of Key Approvals	
Is this decision included in the Business Plan?	N/A
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 Governance and Regulations Manager?	Joanne Walton – 26 March 2018.

Annual Business Plan and Medium Term Strategy

2018/19 to 2020/21

Cambridgeshire Pension Fund

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Introduction

This is the business plan for the Cambridgeshire Pension Fund which is managed and administered by LGSS Pensions on behalf of Cambridgeshire County Council. The business plan details our priorities and areas of key focus in relation to the Cambridgeshire Pension Fund for 2018/19, 2019/20 and 2020/21. The business plan was approved at the Cambridgeshire Pension Fund Committee meeting on 29 March 2018. The business plan is monitored throughout the year and the Pension Fund Committee may be asked to agree changes to it.

The purpose of the business plan is to:

- Explain the background and objectives of Cambridgeshire County Council in respect of the management of the Cambridgeshire Pension Fund;
- Document the priorities and improvements to be implemented by LGSS Pensions during the next three years to help achieve those objectives;
- Enable progress and performance to be monitored in relation to those priorities; and
- Provide a clear vision for the next three years.

In addition, the business plan includes a budget for expected payments to and from the Cambridgeshire Pension Fund during 2018/19 including the resources required to manage the Fund.

Further information

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

Mark Whitby, Head of Pensions
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Background to the Cambridgeshire Pension Fund

The Cambridgeshire Pension Fund is a £2.988bn Local Government Pension Fund which provides retirement and death benefits for local government employees (other than teachers) in Cambridgeshire and employees of other qualifying bodies which provide similar services.

The Fund's total membership is approximately 77,300 of which 26,700 are active members from 182 contributing employers and approximately 50,600 retired, survivor, deferred and other members.

Governance and management of the Fund

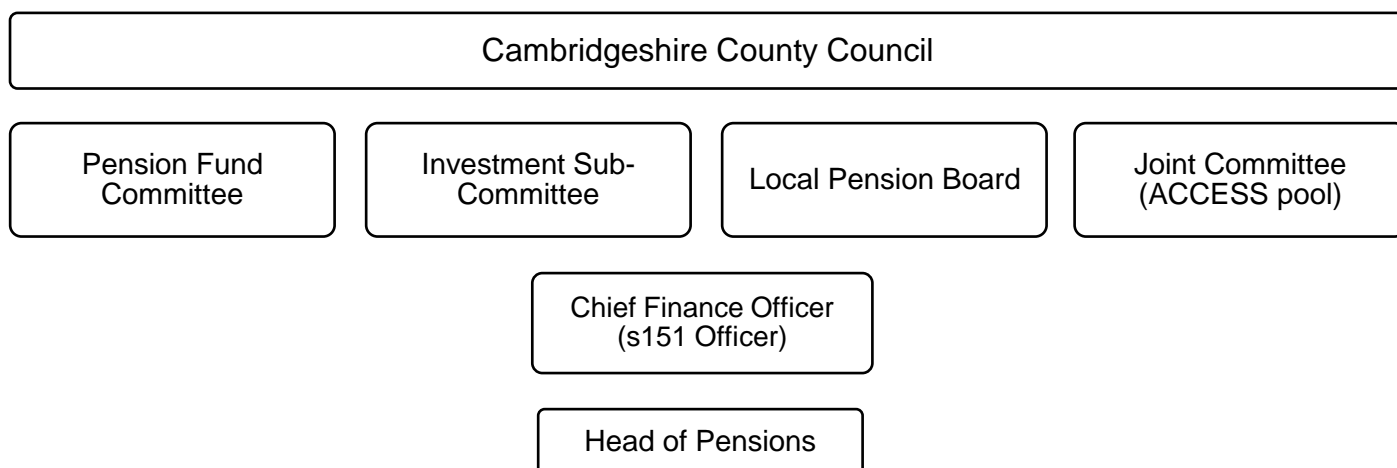
The key decision making and management of the Fund has been delegated by Cambridgeshire County Council (the administering authority) to a formal Pension Fund Committee, supported by an Investment Sub-Committee that looks at the operational governance of investment issues.

The Cambridgeshire County Council's Chief Finance Officer (Section 151 Officer) has a statutory responsibility for the proper financial affairs of the Council including Pension Fund matters.

Eleven authorities, including Cambridgeshire County Council, are working collaboratively to meet the Government's asset pooling agenda by forming the ACCESS pool. A Joint Committee with representation from each Fund has been formed to oversee the governance of the pool.

A Local Pension Board is in place to assist in securing compliance of Fund matters and ensuring the efficient and effective governance and administration of the Fund.

The governance structure is detailed below:



Administration of the Fund

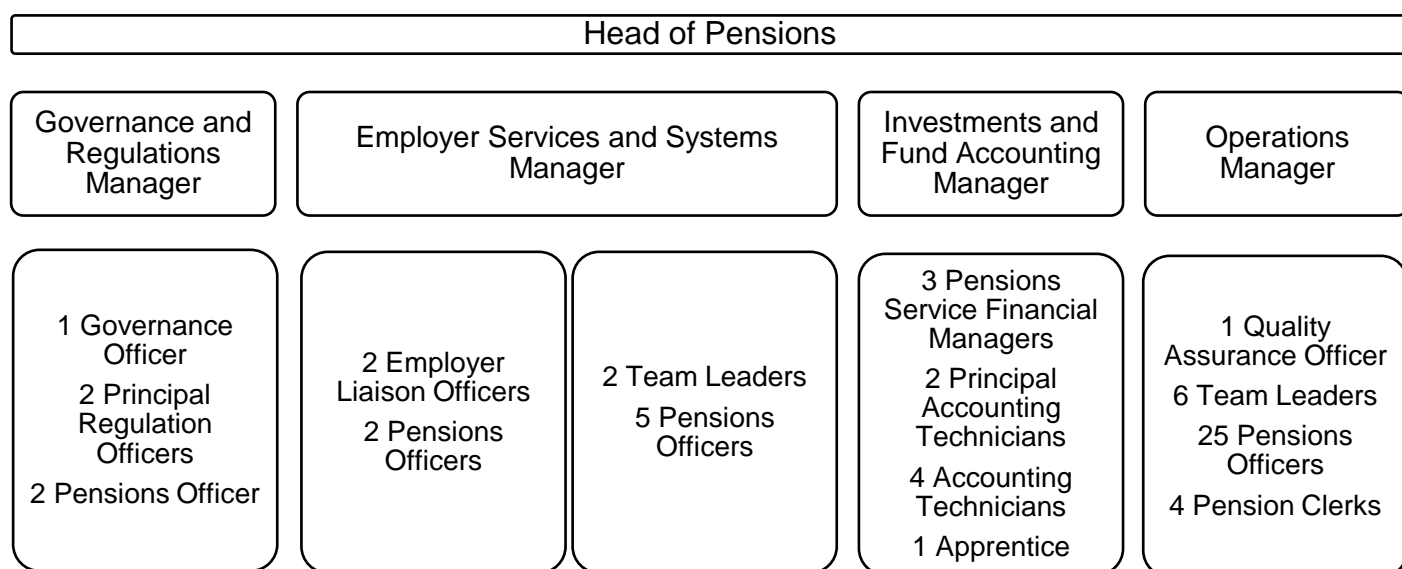
In 2012, the administration of the Cambridgeshire Pension Fund was converged with that of the Northamptonshire Pension Fund following the creation of LGSS, a shared service joint committee arrangement between Cambridgeshire County Council and Northamptonshire County Council. The Funds, however remain as two distinct entities. In 2016, Milton Keynes Council joined as a third partner but is not an LGPS administering authority.

The administration and investment functions of both Funds have been fully converged for a number of years and are based at One Angel Square in Northampton. Both Funds have benefited from cost savings through the ability to procure services such as custodian and actuarial, benefits, governance and investment consultancy services on a joint basis as well as streamlining the provision of the administration functions.

The day to day operations of the Fund are managed by the Head of Pensions who is supported by five teams:

- The Operations Team is responsible for providing the full range of pension administration services. The team delivers a service that includes the calculation of retirement, deferred, death and survivor benefits, transfers in and out, refunds and member record maintenance.
- The Systems Team is responsible for maintaining the pension administration, payroll, employer and member self-service systems, reconciling membership data received from employers and the production of annual benefit statements.
- The Employers Team provide support to employers being admitted to and leaving the scheme, managing the triennial actuarial valuation process and liaison with scheme employers with regards to the responsibilities required of them. Scheme member and employer communications form a significant part of the team's function which ranges from the design and management of the Fund's website, presentations, workshops, newsletters and written communications.
- The Governance and Regulations Team is responsible for managing agendas, producing reports and delivering training to each Pension Fund Committee and Local Pension Board. In addition the team takes the lead in the development of strategic policies relating to the operation, governance and management of the Fund and monitors compliance with prevailing LGPS specific and overriding legislation. The team specialises in data quality, data protection and pension taxation.
- The Investments and Fund Accounting Team is responsible for providing the financial control function to the Fund. It manages and accounts for the receipt of contributions from employers, processes the Fund's financial transactions and oversees the production and audit of the Annual Report and Statement of Accounts. The Investment Team is responsible for liaison with the ACCESS asset pool and governance over the Fund's investments whether held directly or by the ACCESS pool, reporting to the Investment Sub-Committee and other Committees as required.

The structure of the LGSS Pensions, which provides administration services to both the Cambridgeshire Pension Fund and the Northamptonshire Pension Fund, as at 31 March 2018 is illustrated below:



Objectives for the management of the Fund

The Fund's agreed objectives are detailed as follows;

- 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.
- Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- Ensure regular monitoring of employer covenants, putting in place mitigations of adequate strength to protect the Fund.
- Ensure appropriate exit strategies are put in place both in the lead up to and termination of a scheme employer.
- Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary.
- Ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer.
- Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.
- Maintain accurate records and ensure data is protected and used for authorised purposes only.
- Promote the scheme as a valuable benefit.
- Deliver consistent plain English communications to stakeholders.
- Provide scheme members with up to date information about the scheme in order that they can make informed decisions about their benefits.
- 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.

- Ensure the long-term solvency of the Fund, taking a prudent long term view, so that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment.
- Put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy.
- Maximise investment returns over the long term within agreed risk tolerances.
- Ensure an appropriate cash management strategy is in place so that net cash outgoings can be met as and when required.

Business as usual

The appendix to the business plan highlights the key priorities for the next three years and focuses on areas of change and projects which are in addition to day to day “business as usual” duties. On a day to day basis the focus is on the following key elements of fund management:

- Paying pension benefits to beneficiaries as prescribed by the LGPS Regulations.
- Communicating with scheme members about their membership of the Fund.
- Ensuring all pension contributions that are paid by active members are received as prescribed by the LGPS.
- Ensuring all employers pay their pension contributions.
- Safeguarding the money in the Fund (the Fund's assets).
- Investing any Fund assets that are in excess of those needed to pay immediate benefits.
- Working with the Scheme Actuary to ensure that the amount employers pay into the fund is sufficient to pay future pension benefits.

Managing this on a day to day basis involves a wide range of processes and procedures designed around achieving the Fund's objectives. The Fund is large, complex and highly regulated. As such these processes and procedures require expert knowledge and experience as illustrated below.

Governance

- Setting the agenda, reporting and presenting to the Pension Fund Committee, Investment Sub-Committee and Local Pension Board.
- Implementing and monitoring areas such as the training, risk management, reporting breaches of the law and compliance with the Pensions Regulator's code of practice.
- Ensuring adherence to the administering authority's and legal requirements for procurement and data protection.
- Procurement of advisers and other services.
- Assisting internal and external auditors in their role.
- Responding to freedom of information requests.
- Participation in the Joint Committee of the ACCESS pool.
- Maintaining the risk register.
- The ongoing training and development of Committee and Board members.

Accountancy

- Preparing and publishing the Fund's annual report.
- Completing the annual accounts and assisting with external auditors.
- Preparing the annual budget and monitoring quarterly.
- Preparation of statutory and non-statutory returns as required.

- Conducting monthly bank reconciliations.
- Quarterly cash flow and treasury management.
- Monthly monitoring of income and expenditure including employer and scheme member contributions.
- Invoicing of employers for pensions strain and unfunded benefits.

Funding

- Agreeing the funding strategy with the Scheme Actuary every three years, consulting with employers and monitoring continued appropriateness annually.
- Managing the triennial valuation alongside the Scheme Actuary, providing membership and cash flow data and appropriately communicating with scheme employers.
- Monitoring the covenant of scheme employers including their ability to pay contributions and managing those who wish to join or cease membership of the scheme.

Investments

- Carrying out a fundamental review of the investment strategy every three years.
- Appointing, monitoring and dismissing fund managers including within the pooling environment.
- Monitoring and reporting on the Fund's funding position and implementation of the funding risk management strategy with annual health checks.
- Monthly monitoring and implementation of the tactical asset allocation decisions.
- Working with other LGPS funds within ACCESS to pool investments through the Joint Committee and the Officer Working Group.

Administration

- Providing ongoing information to scheme members and their beneficiaries as they join, leave or change status.
- Calculating and notifying scheme members of their entitlement to pension and death benefits.
- Providing quotations of retirement benefits including any additional costs to scheme employers.
- Providing information on how scheme members can increase their pension benefits.
- Maintaining scheme member records.
- Providing an online scheme member and scheme employer self-service facility.
- Administering the internal dispute resolution procedure.

Payroll

- Calculating and paying monthly pensions to pensioners and beneficiaries.
- Issuing of payslips at appropriate times.
- Issuing P60s.
- Investigating returned payments and dealing with any under or overpayment of pensions.
- Updating and maintaining accuracy of pensioner member details.

Communication

- Providing annual benefit statements to all active and deferred scheme members.
- Providing information to members via one to one sessions, workshops and newsletters.

- Maintaining the Fund's website.
- Providing new scheme employers with information about their responsibilities.
- Providing ongoing training and technical updates to employers.

Technical

- Maintaining and updating the pensions administration system.
- Providing guidance on changes in processes following new or amending legislation.
- Reporting on progress against key performance indicators and daily work management.
- Providing reports and extracts for GAD and other government departments.
- Reporting and making payments to HMRC.
- Processing bulk updates to member records such as new joiners and leavers, pensions increase and year-end or monthly contributions.
- Following guidance from and contributing to the work of the Scheme Advisory Board.
- Adhering to the Pensions Regulator Code of Practice and providing information when required.

The plan for the next three years

Key challenges and influences

The current environment is such that there are an unprecedented volume of external factors that could impact the management of the Fund:

- Effective development of the Local Pension Board.
- Increased oversight by the Pensions Regulator including compliance with the code of practice on governance and administration.
- Implementation of the new Local Government Pension Scheme from 1 April 2014 and each year introducing innovative ways of working.
- The national requirement to reconcile contracting out data held by the scheme with that held by HMRC following changes to the state pension.
- Increasing number of scheme members affected by the new tax regime and reducing allowances on pension savings.
- Implementing the Government's requirements of the pooling of LGPS pension fund assets with the other Funds in the ACCESS pool.
- Seeking improved investment returns by making strategic allocations to non-traditional asset classes.
- Responding to the requirements of MIFIDII including maintaining the skills and knowledge required of professional investors.
- Increasing diversity of scheme employers including academies and multi-academy trusts.

The Fund is in a strong position to meet the challenges ahead. The following are the main areas which we will need to be managed and responded to, some of which may necessitate a review of the Fund's objectives.

- Implementing any changes required as a result of the national LGPS cost control mechanism.
- Achieving the objectives of the Fund's strategy on administration and communications and employer engagement.
- Increasing scrutiny and transparency on data quality.
- Increased accountability on protecting and processing data.
- Evidencing savings and improved investment governance arising from asset pooling.

These and other priorities for the next three years are articulated in more detail in the appendix to this business plan, split into four sections:

- Governance and compliance.
- Communications, systems and employer management.
- Operations.
- Investments, accounting and cash flow management.

Budget

All the costs associated with the management of the Fund are charged to the Fund and not Cambridgeshire County Council. The following shows the expected income and expenditure (cash flow) of the Fund as well as the anticipated operating costs.

Cash flow projection 2018/19 to 2020/21

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

	2017/18 Estimate	2017/18 Forecast	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£000	£000	£000	£000	£000
Contributions	(128,000)	(128,000)	(129,000)	(132,000)	(135,000)
Transfers in from other pension funds	(5,400)	(2,100)	(4,907)	(4,907)	(4,907)
TOTAL INCOME	(133,400)	(130,100)	(133,907)	(136,907)	(139,907)
Benefits payable	100,000	100,000	101,000	103,000	105,000
Payments to and on account of leavers	5,400	7,200	7,246	7,246	7,246
TOTAL PAYMENTS	105,400	107,200	108,246	110,246	112,246
	(28,000)	(22,900)	(25,661)	(26,661)	(27,661)
Management expenses	8,156	8,114	8,492	8,593	8,788
TOTAL INCOME LESS EXPENDITURE	(19,844)	(14,786)	(17,169)	(18,068)	(18,873)
Investment income less Taxes on income.	(29,000)	(29,000)	(30,000)	(31,000)	(32,000)
(profit) and losses on disposal of investments and changes in the market value of investments	(75,000)	(75,000)	(77,000)	(79,000)	(81,000)
NET RETURN ON INVESTMENTS	(104,000)	(104,000)	(107,000)	(110,000)	(113,000)
Net (increase)/decrease in net assets available for benefits during the year	(123,844)	(118,786)	(124,169)	(128,068)	(131,873)

Notes: Contributions and benefits are based upon underlying trends in membership and contribution rates, pensions in payment and expected increases.

Transfers in and out have been based upon the average of individual transfers in and out of the scheme over the period 2015/16 to 2017/18.

Management expenses

	2017/18 Estimate	2017/18 Forecast	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£000	£000	£000	£000	£000
Total administration expenses	2,494	2,452	2,656	2,591	2,615
Total governance expenses	432	432	449	453	458
Total investment expenses	5,230	5,230	5,387	5,549	5,715
TOTAL MANAGEMENT EXPENSES	8,156	8,114	8,492	8,593	8,788

Notes: Investment expenses are mainly driven by fees paid to managers and are based upon the current year uplifted by 3% per annum.

Governance and investment expenses are expected to remain at levels similar to the current year, increasing in line with inflation. Within the governance expenses for 2018/19 is £100,000 in

respect of ACCESS related costs (2017/18 £100,000). At the point of drafting this business plan the fees and cost savings associated with the ACCESS project for 2018-19 onwards remain indicative in nature, as the Operator contract was only made effective in March 2018.

Administration expenses

	2017/18 Estimate	2017/18 Forecast	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£000	£000	£000	£000	£000
Staff related	1,321	1,305	1,434	1,448	1,462
Altair administration and payroll system	261	280	287	290	292
GMP/Payroll Reconciliation	150	95	60	-	-
CRM and new website	-	-	25	-	-
Communications	54	28	23	21	19
Other non pay and income	100	135	212	211	215
County Council overhead recovery	608	609	615	621	627
TOTAL ADMINISTRATION EXPENSES	2,494	2,452	2,656	2,591	2,615

Notes: The GMP and Payroll reconciliation costs are intended to be a one-off expenditure in order to meet the requirements of HMRC as a result of the introduction of the new state pension and cessation of contracting-out in defined benefit schemes. External expertise is required to complete this project in the most effective manner. This project will continue into 2018/19 and the unused budget from 2017/18 has been carried forward to meet this.

Staff related expenses

	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£000	£000	£000
2017/18 posts plus inflationary uplift	1,380	1,393	1,406
New posts established from 2018/19	83	84	85
Vacancy factor	(29)	(29)	(29)
TOTAL ESTIMATED STAFF COSTS	1,434	1,448	1,462

Notes: In 2017/18 staff related expenses are forecast to be lower than estimated due to the underspend on the staff budget not being fully utilised in sourcing agency staff. The future estimates include the Cambridgeshire Pension Fund share of four additional posts established in response to increased activity, and an inflationary uplift of 1%.

Delivering the business plan

Monitoring and reporting

In order to identify whether the agreed business plan is being met progress on the key priorities and budgets will be monitored by the Fund management team and reported to the Pension Fund Committee and Local Pension Board every quarter.

The quarterly updates will:

- Highlight any areas where the target is exceeded or where the target has not been achieved and the reasons why and identify any changes in response to the planned priorities as a result of this.
- Highlight any significant additional spend or underspend in relation to the agreed budget as it becomes apparent.

Key risks

The Cambridgeshire Pension Fund has embedded risk management into the governance of the Fund. The Pension Fund Committee has approved a Risk Strategy and a detailed Risk Register is maintained. Changes to the level of risk are reported to the Pension Fund Committee.

To follow is a summary of the main risks managed by the Fund and the level of risk expected when compared with the current position. Where the risk is both higher than expected and controllable the Fund's business plan will include an action on how to mitigate that risk.

The next few years will be challenging for those involved in the governance, management and operation of the Fund. The major risks as documented below are detailed in the Risk Register:

Governance

Main risks:	Those charged with governance of the Fund and are unable to fulfil their responsibilities effectively.	Current risk rating: Amber
What could increase risk?	An inappropriate governance structure, poor training, attendance and engagement, insufficient resources, conflicts of interest, absence of governance policies, absence of risk management, poor advice or impact of externally led changes outside of the Fund's control.	
Target risk	Managing governance risks are largely within the Fund's control hence risks are low. There will, however, always be some external factors outside of the Fund's direct control.	
Current risk	The current governance structure of the Fund is working well, however there are some new risks that will need attention during 2018/19: <ul style="list-style-type: none">• Relationship between the Joint Committee and the Fund• Succession planning for officers of the Fund in key areas of service delivery.	
Mitigations	Training Strategy is in place which requires the Pensions Committee/Sub Committee and Board members to receive continuing training. New members receive induction training. The Fund subscribes to relevant professional bodies such as LAPFF & PALSA and sends representatives to major conferences.	

Funding and investment

Main risks:	Market yields move at variance with actuarial assumptions resulting in increases in liability, reduced solvency levels and increased employer contribution rates.	Current risk rating: Red
What could increase risk?	A sustained fall in global markets, low interest rates, high inflation, inappropriate investment and funding strategy, failure of fund managers to meet investment targets, on-going austerity reducing employer budgets and the impact of externally led changes outside of the Fund's control.	
Target risk	There will always be economic, funding and investment risks that cannot be controlled by the Fund. The aim is to mitigate these risks as much as possible through a diversified investment portfolio and prudent funding strategy.	
Current risk	A strategic asset allocation review will continue throughout 2018-19 to identify appropriate strategic asset allocations in light of the Fund's Funding Strategy and the current and future economic environment. The Funding Strategy will be revisited as part of the triennial valuation process in 2019-20 with close monitoring of scheme employers over the inter-valuation period, using a risk based approach.	
Mitigations	The Investment Sub Committee receives quarterly performance reports provided by recognised industry professional, this considers both strategic and operational aspects of investment. In addition officers in partnership with Fund advisers manage an asset allocation review plan, reported to ISC in quarterly meetings. Quarterly performance reports are provided to the Pensions Investment Sub Committee.	

Administration and communication

Main risks:	Failure to include all required information in documents issued to members under Disclosure regulations.	Current risk rating: Amber
What could increase risk?	A lack of a trained workforce, poor IT and reporting systems, poor communications, inefficient or inadequate procedures and increasingly complex pension and taxation laws and regulations.	
Target risk	The majority of these risks can be managed by the Fund, hence the risks are well managed and low. There will, however, always be some external factors such as the complexity and number of regulatory changes which are less controllable.	
Current risk	<p>The Fund has reviewed both the Administration and Communication Strategy which have ambitious targets. The Fund, like others in the LGPS universe, has some difficulty recruiting suitably knowledgeable and skilled staff which ultimately may start to impact on performance targets. Further external pressures and complexities which would increase risks, workloads and costs may prove problematic. The new risks are:</p> <ul style="list-style-type: none"> • Delays in HMRC responding to queries on the contracting-out reconciliation before the service closes on 31 December 2018. • Proposed changes to legislation regarding exit payments that will increase the complexity of administration processes. • Additional communication burden of the national pension dashboard. 	
Mitigations	Legislation officers keep up to date with disclosure regulations and distribute knowledge to teams accordingly via relevant websites, seminars and working groups. Letters are generated through task management for consistency and are checked before being sent out.	

Appendix 1 – Business Plan 2018/19 to 2020/21

Service delivery

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
SD1	Increase staff retention		✓				
SD2	Obtain full Customer Service Excellence standard accreditation		✓			✓	
SD3	Implement additional posts		✓				

SD1 - Staff recruitment/retention

Keep under review our ability to recruit and retain staff, ensuring any financial or reputational issues with a partner organisation do not impact the governance and administration of the Fund, taking remedial action where necessary. Continue to multi-skill staff within administration teams through development and rotation. Implement other actions arising from LGSS Employee survey within internal Service Plan.

Timescale: All actions Throughout 2018/19

Resources and budget required: To be led by the Head of Pensions. All internal costs will be met by the existing administration budget.

SD2 – Evidence continued customer excellence

Achieve interim Customer Service Excellence (CSE) Standard accreditation and develop and implement Action Plan from feedback received. Undertake full CSE assessment and develop further Action Plan.

Timescale:	CSE interim assessment	Q2 2018-19
Develop and implement Action Plan from CSE recommendations	Q3 2018-19	
CSE full assessment	Q2 2019-20	
Develop and implement Action Plan from CSE recommendations	Q3 2019-20	

Resources and budget required: To be led by the Operations Manager. All internal costs will be met by the existing administration budget.

SD3 – Implement additional posts to structure

Integrate four new posts into the LGSS Pensions structure to support combined LGPS administration to the Cambridgeshire and Northamptonshire Funds. The Fund share of these posts is reflected in the Staff Expenses section of the budget above.

- 1) Data Quality Analyst – to have responsibility for ensuring the data quality of the Fund and to oversee large scale data projects, including reconciliations/rectification exercises
- 2) Pensions Officer – to undertake payroll and contracting out rectification casework that would otherwise require outsourcing
- 3) Communications Officer – dedicated post to be responsible for all Fund communications
- 4) Senior Accounting Technician – to backfill Investments activity due to ACCESS project and due to increasing local investment demands

Timescale: ASAP 2018/19

Resources and budget required: Full annual costs of each post, including on costs, are as follows:

Data Quality Analyst: £41,726

Pensions Officer: £30,956

Communications Officer: £41,726

Senior Accounting Technician: £36,499

Costs would be expected to be split between the Funds on the basis of membership size (broadly CPF 55%/NPF 45%) unless activity is being disproportionately delivered to a single Fund.

Governance and compliance

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
GC1	Legal services procurement		✓				
GC2	Mortality screening / member tracing services procurement			✓			
GC3	Soft market testing for administration and payroll system procurement						✓
GC4	Review Additional Voluntary Contribution fund range				✓		
GC5	The General Data Protection Regulation compliance	✓					
GC6	Data improvement plan			✓			
GC7	Liability reduction exercises					✓	
GC8	Guaranteed Minimum Pension reconciliation / rectification			✓			
GC9	Pensioner administration v pensioner payroll records rectification		✓			✓	

GC1 – Legal services procurement

The Fund needs to procure its own supplier of Legal Services that has a specialism in pensions and investment law. As such the National LGPS Framework for Legal Services will be used to conduct the procurement. This will save time and expense as the necessary OJEU procurement processes have been completed and only the best quality and value for money suppliers are awarded a place on the Framework. It is proposed that the procurement is undertaken jointly with Northamptonshire Pension Fund to benefit from economies of scale as has been achieved with other joint procurements.

Timescale:	Register for access to the Framework:	Q2 2018/19
Conduct tender:	Q2/Q3 2018/19	
Contract to commence:	Q3/Q4 2018/19	

Resources and budget required: To be led by the Governance Manager, assisted by colleagues that will be using the service. All internal costs will be met by the existing administration budget.

GC2 - Mortality screening and member tracing service procurement

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. As with the procurement of legal services, it is intended that the procurement of these services will be conducted on a joint basis with Northamptonshire Pension Fund via the National LGPS Frameworks.

Timescale:	Register for access to the Framework:	Q2 2018/19
Conduct tender:	Q2/Q3 2018/19	
Contract to commence:	Q3/Q4 2018/19	

Resources and budget required: To be led by the Governance Manager, assisted by colleagues that will be using the service. All internal costs will be met by the existing administration budget.

GC3 - Soft market testing for administration and payroll system procurement

The Fund currently uses Aquila Heywood's Altair as its pensions administration and pensions payroll platform. The contract is due to expire on 30 September 2021 and as such it is deemed prudent to commence soft market testing in 2020/21 with a view to procuring a new contract on a joint basis with Northamptonshire Pension Fund. There is currently no framework for acquiring these services so a fully compliant OJEU process will need to be undertaken.

Timescale:	Soft market testing:	Q1 2020/21
Conduct tender:	Q3 2020/21	
Contract to commence:	1 October 2021	

Resources and budget required: To be led by the Governance and Systems Manager. All internal costs will be met by the existing administration budget.

GC4 - Review Additional Voluntary Contribution (AVC) fund ranges

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 will appoint an external adviser to review and report on the fund ranges offered by the Fund's AVC providers Prudential and Equitable Life and appropriate changes will be implemented accordingly.

Timescale:	Appoint adviser to conduct review	Q4 2018/19
Report results of review to Pension Fund Committee	Q1 2019/20	
Instruct changes to be made:	Q1/Q2 2019/20	

Resources and budget required: To be led by the Governance Manager. All internal costs will be met by the existing administration budget. External adviser costs will be met by the administration budget.

GC5 – The General Data Protection Regulation (GDPR) compliance

The administering authority must demonstrate compliance with the GDPR by 25 May 2018 when the regulation becomes enforceable after a two year transition period. The principles of the GDPR are similar to those in the Data Protection Act 1998 but with a new accountability requirement that requires organisations to demonstrate compliance with appropriate documentation.

Significant work to achieve compliance with the GDPR was undertaken during 2017/18 and will continue into Q1 of 2018/19 taking into account any further guidance issued.

Timescale:	Complete and publish documentation:	Q1 2018/19
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Resources and budget required: To be led by the Governance Manager, assisted by the administering authority's Information Governance Team. All internal costs will be met by the existing administration budget. The cost of legal advice will be met by the administration budget.

GC6 - Data improvement plan

It is a requirement of the Pensions Regulator's code of practice on the governance and administration of public service pension schemes to have in place a data improvement plan. In order to produce this plan the Fund has entered into a strategic partnership with ITM Limited to produce an in-depth data audit report that will fully test and report on the accuracy, presence and integrity of the data that is held. The results of the data

audit report will inform the ongoing data improvement plan. Under the current contract, the data audit will be conducted for a further two years to demonstrate that data quality has improved and is being effectively managed.

Timescale:	Produce data improvement plan:	Q1 2018/19
	Implement data improvements:	Q1/Q2 2018/19
	Re-run data audit:	Q1 2019/20

Resources and budget required: To be led by the Governance Manager, assisted by the Operations and Systems Teams. All internal costs will be met by the existing administration budget. The cost of the data audit will also be met by the administration budget.

GC7 - Liability reduction exercises

The Fund has an increasing number of records belonging to members that are due a refund of pension contributions (due to having insufficient membership of the scheme to qualify for a pension entitlement) and also a large number of pensions in payment of a very low value that could be fully commuted into a one-off payment which would extinguish any future liability from the Fund.

It has become increasingly common for pension schemes to look at ways of reducing these numbers particularly when the annual cost of the pensions administration and payroll system is calculated on the number of records held. As such the Fund should look at communicating with these members in order to assess their eligibility and desire to receive payment of the refund or fully commute their benefits.

Timescale:	Scope exercise:	Q1 2019/20
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Resources and budget required: To be led by the Governance Manager, assisted by the Operations and Systems Teams. All internal costs will be met by the existing administration budget.

GC8 - Guaranteed Minimum Pension reconciliation / rectification

Following the introduction the end of contracting-out on 6 April 2016, it was necessary for all pension schemes to reconcile their scheme members' contracted out liability against that recorded by HMRC. HMRC are currently operating, until 31 December 2018, a reconciliation service in order for schemes to query and amend the data held. 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.

Due to the number of member records in scope a decision was made to out-source the reconciliation of the data to ITM Limited. The reconciliation stage was due to complete by 31 January 2018 but due to delays in HMRC responding to the queries raised a project pause was put in place for a period of three months. It is now expected that the reconciliation stage of this project will come to a conclusion during 2018/19 with no additional fees and within the £150,000 budget as agreed in the 2017/18 Annual Business Plan. The rectification of any under of overpayments of pension identified as a result of the reconciliation will commence thereafter.

Timescale:	Completion of reconciliation stage:	Q2 2018/19
	Commence rectification stage:	Q2 2018/19
	Completion of rectification stage:	2019/20

Resources and budget required: To be led by the Governance Manager. All internal costs will be met by the existing administration budget. The cost of outsourcing the reconciliation stage to ITM is already included in the administration budget. The additional Pensions Officer will be used to support the rectification stage.

GC9 - Pensioner administration v pensioner payroll records rectification

In October 2016, the Fund migrated its pensioner payroll from the County Council's Oracle payroll solution to Altair payroll and in January 2017 the Altair pensioner administration records were merged with the Altair pensioner payroll records. As a result of this significant migration of data a reconciliation was undertaken of the pre-merged pensioner payroll data against the pensioner administration record data. Rectification of the underpayments of pension commenced in February 2018 and the rectification of the overpayments will commence upon approval of the revised Overpayments of Pension and Lump Sum policy to be presented to the Pension Fund Committee at the March 2018 meeting.

Timescale:	Completion of rectification stage:	2019/20
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Resources and budget required: To be led by the Governance Manager. All internal costs will be met by the existing administration budget. The additional Pensions Officer will be used to support the rectification stage.

Communications, Systems and Employer Management

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
CSEM1	Employer covenant monitoring		✓				
CSEM2	Investigate and prepare for move to electronic communications as standard		✓				
CSEM3	Promotion of member self service		✓				
CSEM4	Monitoring/understanding the member experience	✓					
CSEM5	Review resilience to cyber crime	✓		✓			
CSEM6	In-house hosting by LGSS IT		✓				
CSEM7	Development of employer resources		✓			✓	
CSEM8	Implementation of HEAT		✓				
CSEM9	Implementation of ill health self-insurance/pooling	✓					
CSEM10	Preparation for the 2019 valuation				✓		

CSEM1 – Employer covenant monitoring

At the 2016 whole Fund valuation, a risk based approach to setting the contribution strategy for employers was introduced. This approach used a high level covenant assessment of employers to group them into various categories to determine the contribution strategy that would apply to them. Employer covenant monitoring has so far been based on information readily available to the Fund, e.g. employer type, guarantor.

This approach now needs to be developed further for riskier employers and incorporate wider external factors into the covenant assessment including an employer's financial position, market position and other related factors. This kind of assessment requires specialised skills and knowledge. The Admission Bodies, Scheme Employers and Bulk Transfers Policy will be reviewed to incorporate covenant assessments.

Timescale: Investigate options Q2 2018/19
Implement appropriate solution and amend Admission policy: Q3 2018/19

Resources and budget required: To be led by the Employer Services and Systems Manager. All internal costs will be met by the existing administration budget. External costs dependent on solution.

CSEM2 - Scope move to electronic communications

Since 2015/16 the Fund has been increasing the use of electronic communications with members, such as issuing annual benefit statements to active and deferred members electronically. In addition, the Fund has also begun offering members the option to receive other scheme communications electronically, delivered through member self-service. The next stage is to move to a position of electronic communication by default, unless a member has opted out of electronic communications.

Technical and policy requirements/restrictions need to be investigated to allow decisions to be made as to which electronic communications are possible and/or desired. Following this scoping exercise our Communication Strategy will be reviewed with the view to including electronic communications.

Timescale: Investigation of technical and policy requirements/restrictions Q2/Q3 2018/19

Resources and budget required: To be led by the Employer Services and Systems Manager. All internal costs will be met by the existing administration budget.

CSEM3 – Promotion of member self service

Take up of member self-service has remained consistent over the last 3 years at approximately 20% of active and deferred members signing up and using this facility. New initiatives to increase use of member self service will be investigated and applied as appropriate.

Timescale: Investigation of and application of appropriate initiatives: Q2/Q3 2018/19

Resources and budget required: To be led by the Employer Services and Systems Manager. All internal costs will be met by the existing administration budget.

CSEM4 – Monitoring/understanding the member experience

During the 4th quarter of 2017/18, the Fund launched a new member survey, issued to all members following contact with officers to measure the level of satisfaction in their experience dealing with the Fund. The results of the survey will be collated and analysed and an action plan developed for improving member experience.

Timescale: Action plan for improvements to member experience: Q2 2018/19

Resources and budget required: To be led by the Employer Services and Systems Manager. All internal costs will be met by the existing administration budget .

CSEM5 - Review resilience to cyber crime

Cybercrime is becoming an increasing threat to pension funds so it is important to review resilience to such attacks via both internally and externally hosted platforms. The Fund needs to understand the different cyber threats that exist to the Fund, members and employers and investigate what action the County Council and Aquila Heywood are taking in relation to cybercrime and what action the Fund must also take to prevent such incidents.

Timescale:	Commence initial investigations to inform action plan:	Q1 2018/19
	Produce action plan:	Q3 2018/19

Resources and budget required: To be led by the Employer Services and Systems Manager. All internal costs will be met by the existing administration budget.

CSEM6 - In-house hosting by LGSS IT

In-house hosting of pensions server from Aquila Heywood to LGSS

Timescale:	Subject to LGSS IT Project Plan	By Q4 2018/19
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Resources and budget required: To be led by the Employer Services and Systems Manager. All internal costs will be met by the existing administration budget.

All migration costs to be funded by LGSS

CSEM7 – Development of employer resources

The Fund will continue to investigate and implement appropriate improvements to the resources available to employers for providing accurate and timely information, including expanding the monthly collection of data via i-Connect.

Timescale:	Investigation and implementation of solutions	Throughout 2018/19
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Resources and budget required: To be led by the Employer Services and Systems Manager. All internal costs will be met by the existing administration budget

CSEM8 – Investigation into use of Hymans Robertson Employer Asset Tracker (HEAT)

HEAT is a unitised approach to tracking employer assets, developed by Hymans Robertson, the Fund's actuary. This approach allows the Fund to track individual employer assets on a monthly basis leading to more accurate and transparent valuations for individual employers. HEAT also provides the ability to set a range of flexible investments strategies to meet the funding needs of different employer types.

There are a number of benefits from implementing HEAT but it is not yet fully understood what resources would be required to implement and manage this process on a monthly basis. The Fund will meet with Hymans Robertson to discuss the costs, implementation requirements and process for managing the provision of the needed data on a monthly basis and report back to the Committee with a recommendation.

Timescale: Report to the Committee with a recommendation Q1 2018/19

Resources and budget required: To be led by the Employer Services and Systems Manager. All internal costs will be met by the existing administration budget. Cost subject to separate commercial agreement.

CSEM9 – Implementation of ill health self-insurance/pooling

The Fund will work with the actuary to develop and implement new processes for pooling ill health risk and administering the self-insurance arrangements, including oversight of employer decisions to ensure appropriate decisions are being made. Following this a communication plan will be developed to inform employers of the new processes and requirements.

Timescale: Design and communicate new processes to employers: Q1 2018/19

Resources and budget required: To be led by the Employer Services and Systems Manager. All internal costs will be met by the existing administration budget.

CSEM10 – Preparation for the 2019 valuation

The Fund will work with the actuary to make preparations for the 2019 whole Fund valuation. This will include agreement of requirements and timescales for:

- engagement and training for officers and members of the Pension Committee and Local Pension Board
- communication and engagement with employers
- pre-valuation activities
- key activities and deliverables during the valuation
- actuarial assumptions
- disaggregation of employer pools

Timescale:

Completion of preparations for 2019 valuation:

Q4 2018/19

Resources and budget required: To be led by the Employer Services and Systems Manager. All internal costs will be met by the existing administration budget.

Operations

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
Ops1	Processing of undecided leavers			✓			
Ops2	Establish ESCROW account for 'out of scheme' payments	✓	✓				

Ops1 – Processing of undecided leavers

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.

The number of potential undecided leaver records that the Fund has, excluding business as usual cases recently received, is 7,950; we have received employer leaver notifications for approximately 4,600. Of this latter number, approximately 2,000 have actions that currently rest with the member (refunds) or scheme employer. Not all potential cases will ultimately prove to be actual leavers but all require investigation. As soon as the Fund receives a leaver notification from a scheme employer, a formal award notification is issued to the member.

A number of actions have already been taken to address the late notification of leavers by scheme employers, which causes a spike in work flow volumes which cannot always be supported. Actions include:

- Increased monthly processing via I-Connect and increased use of employer self-service.
- Delivery of employer training to raise awareness of scheme employer responsibilities
- A strengthened Administration Strategy with increased ability to charge poor performing scheme employers
- Increased focus on aggregating periods of membership within the scope of the Regulations.

The next steps are an in-depth analysis of the unprocessed or partially processed records and an action plan to be formed to deal with each category. This may include employer engagement, process re-engineering and resourcing the processing of casework.

Timescale:
Implementation of action plans

Analysis and development of solutions:
2018/19 to 2019/20

Q1/Q2 2018/19

Resources and budget required: To be led by the Head of Pensions. All internal costs will be met by the existing administration budget. Any external costs will be subject to the agreement of the Pension Fund Committee.

Ops2 – Establish ESCROW account for ‘out of scheme’ payments

The Fund requires a non-interest bearing ESCROW account belonging to the administering authority to hold specific pension scheme benefits that if not paid to the appropriate recipients within a specific period of time, then become an unauthorised payment subject to tax charges on both the scheme member or beneficiary and the scheme. Such benefits are refund entitlements in respect of post 2014 membership that are not claimed by the member within five years of date of leaving, retirement benefits not claimed before age 75 and death grants that cannot be paid within the two years from the notification of the death of the scheme member. When these benefits are able to be paid to the recipient they will be paid from the ESCROW account and so the payment will not be considered as unauthorised by HMRC.

Timescale:	Open ESCROW account:	Q1 2018/19
	Begin movement of appropriate benefits into	Q2 2018/19
ESCROW account and review monthly thereafter:	Q2 2018/19	

Resources and budget required: To be led by the Operations Manager. All internal costs will be met by the existing administration budget.

Investments, accountancy and cash flow management

Reference	Key action/task	2018/19				Medium term	
		Q1	Q2	Q3	Q4	2019/20	2020/21
IA1	Investment consultancy services re-tender						✓
IA2	Global custody services re-tender					✓	
IA3	Direct investment (Cambridgeshire Pension Fund only)			✓			
IA4	Responsible investment			✓			
IA5	Asset pooling						
IA6	Strategic Asset Allocation review			✓			

IA1 – Investment consultancy services re-tender

Mercer Ltd are the current supplier, with the contract being extended in late 2017 to 30 September 2020. Intention is to undertake a joint procurement in 2020/21 using the renewed National Framework for Investment Consultancy Services.

Timescale: Soft market testing 2019/20
 Conduct tender: 2020/21
 Contract to commence: 1 October 2020

Resources and budget required: To be led by the Investments and Fund Accounting Manager. All internal costs will be met by the existing administration budget.

IA2 – Global custody services re-tender

The Northern Trust Company are the current supplier of global custody services. Contract commenced on 1 October 2014 for a period of 5 years ending 30 September 2019 with the ability to extend for two further years to 30 September 2021. Intention is to undertake a joint procurement in 2019/20 using the National Framework once it has been renewed.

Timescale: Decide whether to take up extension 2019/20
 Conduct tender (if extension not taken up) 2019/20
 Conduct tender (if extension taken up) outside Medium Term Strategy (2021/22)

Resources and budget required: To be led by the Investments and Fund Accounting Manager. All internal costs will be met by the existing administration budget.

IA3 – Local Direct investment

Appoint a manager to create a bespoke local investment fund for the Cambridgeshire Fund, capable of investing in a range of asset classes and to investment parameters agreed by the Pension Fund Committee. Appoint a consultant under Lot 2 of the investment consultancy National Framework to assist with the development of a procurement specification and to support an OJEU compliant manager procurement process.

Timescale:	Call off Lot 2 of National Framework	Q1 2018/19
Development of specification	Q2 2018/19	
Procurement of manager	Q3 2018/19	
Design and implementation of solution	Q3/Q4 2018/19	

Resources and budget required: To be led by the Investments and Fund Accounting Manager. All internal costs will be met by the existing administration budget. Budget for the investment consultancy component could be circa £100k. Remuneration/fees for the fund manager will be determined by the procurement exercise

IA4 – Responsible investment

Implement full actions arising from Responsible Investment Information Day; to include signing up to UK Stewardship Code, increasing the Fund oversight of ESG integration into investment manager decisions, and monitoring and reporting of investment manager voting. Alignment of activity with ACCESS pool funds where appropriate.

Timescale:	Throughout 2018/19
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Resources and budget required: To be led by the Investments and Fund Accounting Manager. All internal costs will be met by the existing administration budget.

IA5 – Asset pooling

Progression of ACCESS asset pooling project in accordance with the ACCESS project plan to deliver scale benefits, reduced costs and improved governance, meeting the Government asset pooling agenda.

Key Milestones:	Transition of Phase 1 liquid assets	By Q4 2018/19
	Transition of Phase 2 liquid assets	2019/20
	Transition of illiquid assets	2020/21 onwards
ACCESS Support Unit (ASU) in place	Q3 2018/19	
Direct property discussions	2018/19	

Resources and budget required: To be led by the Investments and Fund Accounting Manager. All internal costs will be met by the existing administration budget. ACCESS external costs in line with ACCESS budget

IA6 – Strategic Asset Allocation review

Undertake a full review of the strategic asset allocation of the Fund to ensure the Fund has an appropriate allocation between asset classes in light of its liabilities and funding level. Review to include the different role each asset class plays in the portfolio construction and an investigation into different solutions available for the Fund to invest in.

Timescale:	Review by ISC	Throughout 2018/19
	Recommendation to Pension Fund Committee	March 2019
	Implementation of agreed Strategy	2019-20 onwards

Resources and budget required: To be led by the Investments and Fund Accounting Manager. All internal costs will be met by the existing administration budget.

