

PENSION FUND COMMITTEE



Cambridgeshire
County Council

Date: Thursday, 17 December 2015

Democratic and Members' Services

Quentin Baker

LGSS Director: Law, Property and Governance

10:00hr

Shire Hall
Castle Hill
Cambridge
CB3 0AP

**Kreis Viersen Room
Shire Hall
Cambridge
CB3 0AP**

AGENDA

Open to Public and Press

- 1. Apologies and Declarations of Interest**
Guidance for Councillors on declaring interests is available at <http://tinyurl.com/ccc-dec-of-interests>
- 2(a) Minutes of the Pension Fund Committee 22nd October 2015** **5 - 14**
- 2(b) Action Log from Pension Fund Committee 22nd October 2015** **15 - 16**
- 3. Pension Fund Annual Business Plan Update 2015-16** **17 - 54**
- 4. Governance and Legislation Report** **55 - 64**
- 5. Employers Admissions and Cessations Report** **65 - 70**
- 6. Overpayments Report** **71 - 74**

7. **CIPFA Pensions Administration Benchmarking Club 2015** 75 - 108
8. **Payment of Employee and Employer Contributions Policy** 109 - 122
9. **Exclusion of Press and Public**

That the press and public be excluded from the meeting during the consideration of the following report on the grounds that it is likely to involve the disclosure of exempt information under paragraphs 3 & 5 of Schedule 12A of the Local Government Act 1972 as it refers to information relating to the financial or business affairs of any particular person (including the authority holding that information) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings

10. **Asset Pooling in the LGPS Update (presentation)**

DATE OF NEXT MEETING: 10am 24th March 2016

The Pension Fund Committee comprises the following members:

Councillor Steve Count (Chairman) Councillor Roger Hickford (Vice-Chairman) Councillor Peter Ashcroft Councillor Noel Kavanagh Councillor Maurice Leeke and Councillor Julie Wisson

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

Clerk Name: Dawn Cave

Clerk Telephone: 01223 699178

Clerk Email: dawn.cave@cambridgeshire.gov.uk

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MINUTES OF THE PENSION COMMITTEE

Date: Thursday 22nd October 2015

Time: 10:00am–11.35am

Place: Kreis Viersen Room, Shire Hall, Cambridge

Committee Members

present: Councillors P Ashcroft, S Count (Chairman), A Fraser, R Hickford (Vice Chairman), N Kavanagh, M Leeke, D Seaton and J Wisson; M Pink (of UNISON representing active LGPS members) and J Walker (of UNISON representing deferred and retired LGPS members)

Officers: C Blose, D Cave, S Heywood, M Oakensen, J Walton and M Whitby

In attendance: Councillor M Shellens

Apologies: Tim Woods and Gareth Deeble

22. DECLARATIONS OF INTEREST

John Walker declared a personal interest as a retired member of the LGPS and that his son and daughter-in-law were deferred members.

Matthew Pink declared a personal interest as both he and his wife were active members of LGPS.

Councillor David Seaton declared an interest as his father was a retired member of scheme.

23. MINUTES OF THE PENSION FUND COMMITTEE 30TH JULY AND ACTION LOG

The minutes of the Pension Fund Committee meeting held on 30th July 2015 were approved as a correct record. The Action Log of the meeting was noted.

Arising from the Action Log, Councillor Seaton asked about ethical investment, which was currently being reviewed by Peterborough City Council. The Chairman advised that he had also been lobbied extensively recently on ethical investment, and officers added that there had been an increase in Freedom of Information requests on this issue. Another Member asked if it was possible to have information on all the companies the Pension Fund invested in. It was noted that this was difficult, as it was a fluid situation, and given the move to pooled funds/national framework, it was likely that the entire LGPS landscape would change: if the agenda moved forward as anticipated, the decision

makers would be very different. The Chairman pointed out that the Pension Fund Committee's ultimate responsibility was to members of the Pension Fund and their financial security. It was agreed that the Head of Pension would email Members explaining why it would be difficult to provide information on all companies invested in.
ACTION: M Whitby.

It was resolved to:

- (1) approve the minutes of the Pension Fund Committee meeting held 30th July 2015;
- (2) note the Action Log of the Pension Fund Committee meeting held 30th July 2015.

24. PENSION FUND ANNUAL BUSINESS PLAN UPDATE REPORT 2015-16

Jo Walton presented the second Business Plan update for the 2015-16 financial year.

Members noted the following points:

- the Pension Regulator's Code of Practice continued to be embedded through the year within existing processes to strengthen controls in such areas of contribution monitoring and skills and knowledge. A revised Knowledge Management Policy would be presented to a future meeting of the Pension Fund Committee;
- Customer Service Excellence Standards continued to be embedded;
- two Employer Forums had been arranged for 3rd November at Girton College, and 5th November in Northamptonshire;
- as part of the August 2015 benefit statements sent by post, members had been advised that future statements would be issued via Member Self Service, with an option to opt out of the electronic statement if they advise in writing. To date only 65 members had opted out.

The Committee noted the section of the report on contribution reporting, which gave information on the number of Scheme employers that pay their employee and employer contributions late. There were six employers who were reported as paying late more than once within the quarter, and the background and outcome on each case was noted, including those which had been escalated.

Members felt that stronger action would be taken, and suggested that the Director of Finance should write to the relevant Employers. Members also felt that their action should be taken sooner, as the situation relating to some Employers had been ongoing for many months. It was suggested that in future the Committee should be presented with the outcome of comprehensive actions undertaken to address the late payments, so that they could then make the appropriate decision in each case. Members also asked what the financial penalties were for late payment, and whether any of the bodies had guarantors. Officers advised that it was a mixed picture with regard to guarantors. Officers also acknowledged the point about tightening up on processes going forward,

cautioning that if a cessation was forced, it could result in no funding being forthcoming. It was confirmed that employers would have made employee contribution deductions.

The Committee concluded that a lot more tightening up needed to take place, especially for those employers without guarantors behind them. It was noted that the penalty for late payment was an administration charge plus interest, but currently there was no policy in place on this. Members pointed out that this was not just an administration issue, there was also an issue of the opportunity cost of investment i.e. the total amount available for investment was less than expected. Members suggested that more punitive charges should be made, in order to achieve greater compliance going forward.

A Member observed that the last four months were worse than previous months, and asked if this was cyclical or represented a more gradual trend. Officers advised that there was no cyclical or other trend, other than there being an increase in the diversity of employers the Fund was working with. In response to a suggestion as to whether it would be appropriate to contact employees directly and tell them their contributions had not been paid in to Fund, officers advised that whilst feasible, those employees' pensions were secure and it would be inappropriate to alarm them. The Chairman commented that e.g. for Parish Councils, it may be appropriate to inform the Parish Councillors, who may be unaware of the late payments.

Turning to Key Performance Indicators (KPIs) it was noted that the majority of these were on or around target. With regard to the provision of estimates to scheme members, whilst this was slightly under (87% provided within ten working days, against a 90% target), the number of estimates requested had increased by 80% from last year. This increase was similar to that of neighbouring authorities, and officers are considering ways in which members can access this information more quickly. With regard to issuing annual benefit statements (97.83% against a 100% target), it was noted that the shortfall was due to late, inaccurate or non-submission of year end data from the relevant employers. Various actions were being put in place to resolve this in future. Cambridgeshire (and Northamptonshire were 2 of 7 Funds to have produced any statements by the statutory date of 31 August out of a total of 89 Funds.

It was resolved to:

1. Note the Pension Fund Business Plan second update for the 2015-16 financial year.

25. GOVERNANCE AND LEGISLATION REPORT

The Committee received a report on governance issues concerning the Local Government Pension Scheme (LGPS) on a national and local basis.

The following points were noted:

- the three options for separation of the host authority (administering authority) from the Pension Fund were set out in an appendix to the report;
- the two vacancies on the Pension Fund Board had been filled by Ian Dewar (Sutton Parish Council) and David Brooks, a former member of the Pension Fund Committee.

It was resolved to:

Note the content of the report.

26. EMPLOYERS ADMISSIONS AND CESSATIONS REPORT

The Committee received a report on the admission of one scheduled body and to gain approval for five admission bodies to join the Cambridgeshire Pension Fund, and also on four cessations from the Fund and their final cessation payments.

The Head of Pensions reminded Members that at the last Committee meeting, the suspension of Hemingford Grey Parish Council's cessation due to a potential new clerk joining the LGPS had been reported. The suspension was being extended and would be reviewed again.

Huntingdonshire Citizens Advice Bureau (CAB) had been voluntary liquidised on 31/12/12, with a deficit payment due of £271,000. This body would now be pooled with other ceased employers in the 'No Active Members' pool and monitored.

Further investigations had been undertaken with regard to Mepal Outdoor Centre, following their last active member leaving the Fund on 30/09/12. Regrettably there was no provision under Clause 38 of the Local Government Pension Scheme (Administration) Regulations 2008, which were the relevant regulations under which Mepal Outdoor Centre ceased to be an employer in the Fund, which allowed for the recovery of an exit payment over a period of time. Even if the regulations had permitted the recovery of an exit payment over a period of time, the employer would need to contribute a minimum payment of £30,810.00 per annum to cover the accumulating interest on the deficit. For this reason it was preferable to deal with such liabilities by separating them from the rest of the Fund via the "No Active Members" pool.

In response to a Member question, it was confirmed that so far the Greater Peterborough University Technical College only had two employees.

A Member observed that when the bodies in question had joined the scheme and been active members, the employer and employee had made the required contributions. The 'deficit' was essentially notional due to the method of valuation for the Fund, because of the increase in liabilities. In this respect the deficit was largely outside the control of the employer.

It was resolved to:

- 1) note the admission of the following scheduled body to the Cambridgeshire Pension Fund:
 - Greater Peterborough University Technical College (UTC)
- 2) approve the admission of the following admission bodies to the Cambridgeshire Pension Fund:
 - Accent Catering Services Ltd
 - Alliance in Partnership Ltd
 - Churchill Contract Services Ltd
 - Smart Kidz Play and Learn Ltd
 - Sports Leisure Management Ltd
- 3) note the update on the cessation for the following bodies:
 - Hemingford Grey Parish Council
 - Huntingdonshire Citizens Advice Bureau (CAB)
 - Mepal Outdoor Centre
 - ABM Catering

27. OVERPAYMENTS REPORT

The Pension Fund Committee considered a report on overpayments that had occurred, which included an analysis of action taken.

During the period from 1st April to 31st July 2015, a total of 123 individuals had been overpaid. 90 of the incidences, collectively totalling £193.09, were due to a delay in completing quality assurance checks that would ensure the pensions increase uplift was applied correctly. Processes had been amended to ensure those checks were carried out before the payroll runs each April. The errors identified involved only small amounts of individual overpayments, with the highest individual overpayment amount made being £12.93.

One case of a £173.72 overpayment was down to an isolated administration error and was in the process of being recovered.

It was resolved to:

Note the content of the report.

28. OVERPAYMENTS OF PENSION POLICY

Members received a report on the Overpayment of Pension Policy. Members were reminded that the set of principles was agreed at the Pension Fund Committee meeting on 25th June 2015. By way of background, Members were reminded that it had been agreed to develop an Overpayments Policy, partly due to the reconciliations taking place between Her Majesty's Revenue and Customs (HMRC) and the Fund's administration.

Observing the very small amounts of overpayments referred to in the previous report - 90 incidences totalling £193.09 – a Member queried whether the cost of recovery was not more expensive than the amounts involved? Officers confirmed that that was the case, which was why those amounts had been written off. Members took comfort in the overpayments identified to date being so small.

It was resolved to:

- 1) approve the overpayment of Pension Policy;
- 2) delegate to the Deputy Head of Pensions in consultation with the Chairman and Vice Chairman any immaterial amendments to the Overpayment of Pension Policy.

29. JULY BUDGET – ASSET POOLING AND THE LGPS

The Committee received a report on issues arising from the Chancellor's announcement in the July 2015 budget.

Members were advised that Paul Tysoe was working on the regional workstream of a national project being led by Hymans Robertson, and further reports would be provided for future meetings. Government aimed to have pools in place, although not necessarily with the funds transferred, by the end of the current parliament. As well as the national project, officers had been working with neighbouring authorities, and a meeting had recently been held with 14 other authorities. A training session was planned on the afternoon of the next Investment Sub-Committee meeting. It was estimated that the size of pools would be in the region of £25-30Billion.

A Member asked if the Fund would be able to buy into pools, or whether they would automatically become part of a pool. It was noted that at the Conservative Party Conference, the Chancellor had alluded to six regional wealth funds, although the DCLG had subsequently advised that those funds would not necessarily have to be *regional*. It was also noted that whilst infrastructure had not been specifically raised in discussions with the Treasury and the DCLG in August, it had been put firmly back on the table during the Conservative Conference in a statement made by the Chancellor.

The likely governance structure following pooling was discussed. Strategic decisions would still be taken by Pension Fund Committees, and whilst there would be some strategic control on investment (i.e. risk, style), there would be less control on specific investment mandates. There was strong desire from officers for pooled fund investment committees to be made up of representatives from member pension funds. Where the newly formed local pension boards sat within the new structure was not clear, that would clearly depend on the new structure e.g. whether it was a CIV or a structure managed by a custodian. A Member commented that if the new pooled committees were decision making, they should be subject to the same degree of scrutiny as the current governance structure. It was agreed that this point, along with the issue of representation on investment bodies in pooled structures, would be fed back to Paul Tysoe to stress in his work with the Hymans project.

There was a discussion on infrastructure investment under pooled arrangements, and the importance of investing in investment grade infrastructure.

It was resolved to:

1. note the briefing on implications of the July 2015 Budget.
2. note that Officers were:-
 - 2.1 consulting with DCLG and LGA on asset pooling criteria to be published in November 2015;
 - 2.2 working with other Funds in a Hymans led project to provide credible proposals for Government approval;
 - 2.3 collaborating with other funds to discuss specific collaboration to address the Government proposals.

30. CESSATION FUNDING CONSIDERATIONS AND TREATMENT OF ORPHAN LIABILITIES

Members received a report on the potential liability that could fall on the whole Fund if a scheme employer ceases, and any deficit on exit could not be recovered from them. This issue had been raised by Members when discussing the cessation of employers who were unable to afford their outstanding deficits e.g. Mepal Outdoor Centre. The report set out how the Fund was protected for the different Employer Types, and Members noted that the main risk exposure was primarily “old style” admission bodies, and possibly Parish Councils. The usual solution was to transfer those bodies to the “No Actives” pool. It was also noted that much of the notional deficit resulted from the historically low gilt yields, and a small increase in gilt yields would dramatically reduce that notional deficit. However, the actuary had to be prudent, which was why a payment to cover potential liabilities was sought.

A Member noted that some of the bodies in the “No Actives” pool were in surplus, not deficit. Officers advised that this could be because they paid a pooled rate, and surpluses could not be returned.

Members commented that they found the report very reassuring, and thanked officers for their hard work in producing this very clear report, which gave them confidence going forward.

It was resolved to:

- note the contents of the report and the approach to dealing with orphan liabilities in the Cambridgeshire Pension Fund.

31. REPORTING BREACHES OF THE LAW TO THE PENSIONS REGULATOR POLICY

The Committee considered a draft policy for “Reporting Breaches of the Law to the Pensions Regulator”. The aim of the policy was to ensure that those with a responsibility to report breaches of the law were able to meet their legal obligations, by analysing situations effectively in order to make an informed decision on whether a breach had been made.

It was stressed that the policy affected both officers and Members, and there was a legal obligation to report such breaches. The policy set out how to identify breaches and what should be done in each example. Attention was drawn to the appendix to the policy, which set out examples of possible breaches, and action which should be taken in each scenario.

It was resolved to:

approve the Reporting Breaches of the Law to the Pensions Regulator Policy.

32. REVIEW OF THE PENSION FUND OBJECTIVES

Members received a report on a review of Pension Fund objectives. Members were reminded that a number of the previously agreed objectives had been deemed to be no longer appropriate, and it had been agreed that more objectives were required to ensure good governance was fully achieved. A list of 20 objectives had been developed, and the Committee’s views were sought on the suitability of those objectives.

In response to a Member question on how performance would be measured against those objectives, it was noted that a report would be considered at a future meeting on measurement.

It was resolved to:

approve the Pension Fund Objectives.

33. LGSS PENSIONS PAYROLL PROVISION

Members received a report outlining options for an IT refresh of the LGSS Pensions payroll system.

Members were advised that the LGSS Pensions Service currently used the *altair* pensions administration software solution which is licensed, hosted and managed externally. Payroll for the LGSS Pensions Service was managed and provided separately from this on the Oracle ERP platform by LGSS Payroll Services. The default position of LGSS would be to move the pensions payroll function onto the *Agresso* system. However, the *Agresso* charge for licences was significantly higher than the charge for *altair* payroll licences.

Considerable work had been undertaken by the Head of Business Systems on a business case to look at the advantages and disadvantages of *altair* versus *Agresso*. The preferred option, both financially and non-financially, was *altair*. The major benefit of the *altair* system was that it effectively automated pension calculations, as well as providing the payroll functions, and little additional training was required. It was confirmed that both Cambridgeshire County and Peterborough City Councils used *Agresso* for their payroll functions, but this did not impact on this decision i.e. there was no reduced cost resulting from those authorities already using *Agresso*. It was confirmed that John Kane (LGSS Managing Director) had endorsed the proposal to move to *altair*, and Chris Malyon (Cambridgeshire County Council Section 151 Officer) was also aware of the proposal.

Following discussion, it was agreed that the issue of licences should be investigated further to establish if the costs were accurate. As Members were keen not to delay processes, it was agreed that the Head of Pensions would consult with the Chairman on reasons for the difference between licensing costs, and the Chairman would in turn email the Committee. **ACTION: M Whitby and Councillor Count.**

It was resolved to:

1. review and ratify the recommendation for the replacement solution for the provision of pensions payroll;
2. agree the required funding for the IT Refresh Project for Pensions Payroll;
3. delegate the selection of provider to the Head of Pensions, in consultation with Chairman of the Cambridgeshire Pension Fund Committee.

34. AMENDMENT OF POLICY FOR ADMISSION BODIES, SCHEME EMPLOYERS AND BULK TRANSFER

Members received a report on the revised Admission Bodies, Scheme Employers and Bulk transfer Policy which had been developed as a result of new Regulations. Members noted that there were no major changes in the policy resulting from the Regulations, except for the removal of references to Community and Transferee Admission Bodies. Different types of employers were now referred to according to the relevant clause of the Regulations which permitted their entry to the scheme.

It was resolved to:

approve the Policy for Admission Bodies, Scheme Employers and Bulk Transfer of Members provided in the Appendix to the report.

35. DATE OF NEXT MEETING: 10.00am on 17th December 2015

CAMBRIDGESHIRE PENSION FUND

Pension Fund Committee

Agenda Item: 2 (b)

Action log from previous meeting

This log captures the actions from the Pension Fund Committee of the 22 October 2015 together with any carried forward items from previous meetings and updates members on the progress on compliance in delivering the necessary actions. This is the updated action log as at 16 November 2015.

Outstanding actions from July 2015 meeting of the Pensions Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
13	Statement of Investment Principles	Paul Tysoe	Councillor Seaton reminded the Committee that he had previously raised this issue, specifically how ESG considerations were taken into account in practice, i.e. how 'ethical' investment was defined, and whether the Fund guided Fund Managers on these issues, or vice versa? Paul Tysoe commented that he believed he had responded to Cllr Seaton by email on this matter, but he would re-send this information to Councillor Seaton and all members of the Committee.	Completed - Briefing distributed to member on 6 August 2015.
			Information about conferences would be circulated to the Pensions Committee.	Completed - Distributed by email 16 September 2015.
15	WM State Street Global Services Annual Performance Review	Paul Tysoe/ Richard Perry	Fund Structure and benchmarks used e.g. noting Cambridgeshire's benchmark for Alternatives was global equities. The Chairman asked officers to circulate	Completed - Mercer's analysis distributed by email 24 September 2015.

			information on the strengths and weaknesses of using different benchmarks i.e. why Cambridgeshire used the benchmarks it did, and what other options were available	
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Actions from the 22 October 2015 meeting of the Pensions Committee

Item No.	Item	Action to be taken by	Issue/Action	Action/Status
33	LGSS Pensions Payroll Provision	Mark Whitby	Following discussion, it was agreed that the issue of licences should be investigated further to establish if the costs were accurate. As Members were keen not to delay processes, it was agreed that the Head of Pensions would consult with the Chairman on reasons for the difference between licensing costs, and the Chairman would in turn email the Committee	Completed – Mark provided Councillor Count with details of licensing costs and the report recommendation has subsequently been approved.

CAMBRIDGESHIRE PENSION FUND



Pension Committee

Date: 17 December 2015

Report by: Head of Pensions

Subject:	Pension Fund Annual Business Plan Update report 2015-16
Purpose of the Report:	To present the second Pension Fund Business Plan Update for the 2015-16 financial year to the Pension Committee.
Recommendations:	The Committee are asked to note the attached Pension Fund Business Plan third update for the 2015-16 financial year.
Enquiries to:	Joanne Walton – LGSS Pensions Governance and Regulations Manager; Tel: 01604 367030 E-mail – jwalton@northamptonshire.gov.uk

1. Background

1.1 Good governance ensures that updates to the pre-agreed Annual Business Plan are provided to the Committee on a regular basis. This update highlights the progress made on the Fund's activities, its achievement on the key performance indicators and also any other initiatives during each quarter of 2015-16 as laid out in the Annual Business Plan.

1.2 The Fund Business Plan update is attached in **Appendix 1**.

2. Business Plan Update

2.1 Key Fund activities

2.1.1 This section provides an update on the achievements of LGSS Pensions Service in working towards the Fund activities for 2015-16 as laid out in the Annual Business Plan. During this reporting period, good progress has been made on all the key Fund activities.

2.2 Contribution reporting

2.2.1 This section details the percentage of Scheme employers that pay over their employee and employer monthly contributions by, or after, the statutory deadline of the 19th day of the month following deduction. For the period 1 July 2015 to 30 September 2015 an average of 2.4% of employers paid their contributions late. Over the July to September payroll periods, £360,473.47 of contributions was paid over late.

- 2.2.2 In addition, the late submissions of payment schedules are now being monitored as non-reconciled payments puts additional strain on the Service to resolve. For the period 1 July 2015 to 30 September 2015 an average of 5% of employers submitted their schedules late.
- 2.2.3 In line with the Pension Regulator's Code of Practice, LGSS Pensions Service will be working with the employers who are paying over contributions and submitting schedules later than the statutory deadline to ensure compliance each month going forward.
- 2.3 Administration and Investment Expenses**
- 2.3.1 This section provides actual administration and investment costs against the proposed forecast in the Annual Business Plan and Medium Term Strategy 2015-16. The section shows the breakdown of expenses in each area against the original estimate for 2015-16. During this reporting period there is a variance of £55,000 and this is due to staff vacancies. This expenditure will be monitored on a monthly basis and reported at each quarterly meeting.
- 2.4 Key Performance Indicators**
- 2.4.1 This section of the Business Plan Update reports on the key performance indicators (KPIs) as set out in the Business Plan.
- 2.4.2 For this quarter (August, September and October), most Pension Service targets either met or exceeded target with the exception of providing a maximum of one estimate of benefits to employees per year on request and to provide a transfer in quote to scheme members within 10 working days or on receipt of all appropriate information. The estimate target was missed by 13% due to an extremely high increase in estimate requests and the transfer target was missed by 26% due to staff rotation and associated training needs.
- 2.4.3 The provision of employee estimates target was missed by 13% due to an extremely high increase in estimate requests and the transfer target was missed by 26% due to staff rotation and associated training needs.
- 2.4.4 The target set for Scheme Employers to submit all new starters and variations was not achieved but progress has been made in this area due to continued close liaison with the large payroll providers. Currently one large payroll provider is not submitting timely and accurate interfaces and this is currently being managed by the Employers Team.
- 2.4.5 The key performance indicators will continue to be monitored through out the reporting period with appropriate actions to be taken where targets are not being met.

3. Relevant Pension Fund Objectives

Perspective	Outcome
Communications	<ul style="list-style-type: none"> • Promote the Scheme as a valuable benefit. • Deliver a clear and consistent message; that is simple, relevant and impactful, uses plain English throughout and engages all levels of stakeholders' understanding. • Provide clear information about the Scheme, including changes to the Scheme, and educate and engage with members so that they can make informed decisions about their benefits. • Seek and review regular feedback from all stakeholders about communication and shape future communications appropriately. • Look for efficiencies in delivering communications including through greater use of technology and partnership working.
Administration	<ul style="list-style-type: none"> • Provide a high quality, friendly and informative administration service to the Funds' stakeholders. • Administer the Funds in a cost effective and efficient manner utilising technology. • Ensure the Funds and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Funds. • Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary. • Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount. • Maintain accurate records and ensure data is protected and has authorised use only. • Understand the issues affecting scheme employers and the LGPS in the local and national context and adapt strategy and practice in response to this.
Funding and Investment	<ul style="list-style-type: none"> • To ensure that the Fund is able to meet its liabilities for pensions and other benefits with the minimum, stable level of employer contributions. • To ensure that sufficient resources are available to meet all liabilities as they fall due. • To maximise the returns from its investments within reasonable risk parameters.
Governance	<ul style="list-style-type: none"> • To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies. • Ensure the Fund and its stakeholders have the appropriate skills and receive training to ensure those skills are maintained in a changing environment.

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 is no risk associated with this as the content has been agreed in the Business Plan	Approved Business Plan	Green

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

Risk	Risk Rating
If the Fund does not have a Business Plan Update the Fund will have significant lack of direction, control and structure in the management of its business.	Amber

6. Communication Implications

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

7. Legal Implications

7.1 Not applicable

8 Consultation with Key Advisers

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

9. Alternative Options Considered

9.1 Not applicable

10. Background Papers

10.1 Not applicable

11. Appendices

11.1 Appendix 1 – Annual Business Plan Update 2015-16 – Update 3 (December 2015).

11.2 **Appendix 2** – LGSS Pensions Employer survey results

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?	Not applicable
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	Chris Malyon – 30/11/2015
Has this report been cleared by Head of Pensions?	Mark Whitby – 19/11/2015
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 27/11/2015
Has this report been cleared by Legal Services?	Copy of report sent to Quentin Baker – 30/11/2015

Annual Business Plan 2015-16
Update 3 (December 2015)

This is the third Business Plan Update of 2015-16.

The Annual Business Plan and Medium Term Strategy 2015-16 was approved at the March meeting of the Pension Fund Board, the purpose of this update is to show the progress made during this third quarter linking directly to Cambridgeshire Pension Fund objectives.

To demonstrate the progress made there are four sections that provide the relevant evidence as follows -

- Key Fund challenges
- Contribution reporting
- Administration and investment expenses
- Key Performance Indicators

This update shows how the Fund has performed in terms of actions required and whether KPI targets have been met. The purpose is to highlight outstanding actions in order to reach key milestones and address any areas of poor performance in order to improve and meet targets.

The regular update aims to show the quarterly performance with an overview of the year after the fourth quarter. The update ensures the Fund is keeping on track to ensure the desired outcomes.

Mark Whitby
Deputy Head of LGSS Pensions Service

Section 1 - Key Fund activities

The Annual Business Plan 2015-16 laid out the key activities facing the administration and governance of the Local Government Pension Scheme. The plan related to the Fund's objectives as well as changes in regulations, in order to ensure that actions taken are clearly defined and for a specific purpose.

A number of these activities link directly to the Fund's policies, strategies and contractual services in order to ensure functions are being carried out effectively.

The below table shows the key Fund activities as agreed and provides an update on how the Fund has been working towards these actions. Collaboration between sections of the Service has ensured good progress against each activity.

Regulatory activities	Progress	Timescale for completion
<p>Implementing the 2015 governance changes.</p> <ul style="list-style-type: none"> Embed the Pensions Regulator Code of Practice – Governance and administration of public service pension schemes. Assist LGSS Democratic Services with the creation and ongoing operation of the Public Service Pensions Act 2013 requirement for each public service pension scheme to have a local pension board. 	<ul style="list-style-type: none"> The Pension Regulator's Code of Practice continues to be embedded throughout the year within existing processes to strengthen controls in such areas of contribution monitoring, skills and knowledge and the establishment of processes through which to report breaches of the law. LGSS Pensions are working with the Fund's Benefit Consultants, Hymans Robertson, to produce a robust Knowledge Management Policy for the Committee to approve later in the financial year. Ongoing – Amber The second Local Pension Board meeting took place on 21 October 2015, As part of the meeting the reports presented at the Annual Meeting in July were discussed. Completed – Green 	<p>Ongoing process throughout 2015-16 into 2016-17.</p>

Strategic/Objective based activities	Progress	Timescale for completion
<p>Improving employer performance and engagement.</p> <ul style="list-style-type: none"> • Undertake full review of Administration Strategy including approach to dealing with poor performing employers. • Introduce improved system for escalation of endemic employer issues from casework officers to Employers Team. 	<ul style="list-style-type: none"> • The employers' issue log has been circulated to Casework Teams for use which ensures there is a clear escalation process in place for the casework teams in order that relevant employers are managed appropriately. Ongoing – Amber 	<p>Ongoing.</p>
<p>Customer satisfaction.</p> <ul style="list-style-type: none"> • Organisational Workforce Development to facilitate Customer Service Excellence Standard training with a view to achieving this Standard. • Embed customer service culture. • Carry out customer satisfaction surveys. • Continue to build on staff capabilities with a number of learning and development activities. 	<ul style="list-style-type: none"> • The Project Team met in November to complete the customer journey map for the contribution monitoring process. Thereafter, all teams will provide evidence for their agreed Customer Service Excellence criteria. Pre-assessment for the standard to be arranged for the end of the financial year. Ongoing – Amber • During October all members going through key processes (excluding death or divorce) have received a customer satisfaction survey asking for their views and the overall experience provided by the Service. The next stage will be to analyse the results and look for any improvements that can be made to the Service. Ongoing – Amber • Staff will continue to be offered the opportunity for formal and informal training opportunities. Including the opportunity to multi task within the Casework Teams. Ongoing – Amber 	<p>Ongoing process throughout 2015-16 into 2016-17.</p>

<p>Source efficiencies to reduce the cost of administering the Fund.</p> <ul style="list-style-type: none"> • Improve efficiency of business processes, particularly those in connection with non Altair based activity. • Improve employer performance. • Move to electronic annual benefit statements. • Promote greater use of employer and member self- service facility. 	<ul style="list-style-type: none"> • Work is continuing to update the initial information given to new employers at the start of the on boarding process. The aim is to provide prospective employers with a comprehensive induction pack as well as an induction training programme once officially in the LGPS. Ongoing – Amber <p>The format of the Employer Forums held in November 2015 was updated in light of the Employer Survey results (Appendix 2) to include workshops on specific subjects. The topics included the year end submission process, pensionable pay calculations, pension implications on outsourcing and employer discretions. Positive feedback was received from those attending and as such these areas will be incorporated into the 2016-17 training plan as well as forums in the future. Ongoing – Amber</p> <p>The Service continues to liaise with the large payroll providers to further improve the timeliness and quality of data provided. Ongoing – Amber</p> <ul style="list-style-type: none"> • Electronic benefit statements will be issued from August 2016. LGSS Pensions became part of a joint communications group in June 2014 and consists of 8 Funds. A joint approach was taken to the design of the statements leading to efficiencies for this year. This approach will continue when moving to electronic statements. The overall aim of the group is to share best practices and work jointly where possible to produce collective communications going forward. The group also discuss wider communication matters arising from the LGA Communications Working Group. 	<p>Throughout 2015-16</p>
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	<ul style="list-style-type: none"> Of the active 39,321 Members across both Funds, 6,547 (16.65%) have registered to use Member Self Service and have logged on for the first time to access their individual pension record. This registration figure is very slightly higher than the 16.11% last reported. <p>A substantial amount of new starter letters are due to go out in the upcoming weeks and an increase in the uptake from active members to MSS is expected.</p> <p>Of the 38,972 deferred members across both Funds, 1,146 (2.94%) have registered for the service. Again this is slightly higher than the 2.6% last reported.</p> <ul style="list-style-type: none"> The Employer Self Service uptake is currently at 143 employers across both Funds, this has continued to be promoted through employer engagement. Ongoing – Amber 	
<p>Managing the risks associated with the increasing volume and diversity of scheme employers as a result of the move to alternative service delivery models.</p> <ul style="list-style-type: none"> Monitor and manage resource pressures as a result of increasing numbers of scheme employers. Identify split between statutory and potentially chargeable non-statutory activity. 	<ul style="list-style-type: none"> There continues to be a review of the impact resulting from an increasing number of Scheme Employers on the advisory functions provided by the Service in areas such as accountancy and employer support. The review will continue to be carried out during the rest of the financial year. Ongoing – Amber The Employers Team has been operating on reduced capacity for some months following the promotion of team members. An Employer Liaison Officer has now been recruited on an acting up basis and following a successful interview an employment offer has been made to the successful candidate to fill the Pensions Officer position. The Team has also employed a temporary member of staff on a short term basis to help assist 	Throughout 2015-16

<ul style="list-style-type: none"> Investigate and progress as appropriate employer covenant monitoring, liability monitoring and employer risk register projects. 	<p>with this transition period, this has impacted on resources in the already pressured area of managing Scheme Employers, with the steps taken above pressures should start to be addressed and managed accordingly. Ongoing – Amber</p> <ul style="list-style-type: none"> During this quarter work has commenced to review the bond and guarantor arrangements in place with a number of admission bodies and the scheme employers behind them to ensure that the appropriate level of protection is in place for either the scheme employer or for the Fund as a whole. <p>This review ensures that the level of coverage provided, to the scheme employer, by way of a bond is still appropriate to protect against any deficit payments that cannot be collected from the admission body on exit from the Fund. This review takes into consideration any changes in both the current market conditions and the risk exposure of redundancy related strain costs. Ongoing – Amber</p>	
<p>Improve data quality.</p> <ul style="list-style-type: none"> The Guaranteed Minimum Pension (GMP) reconciliation project will ensure that the correct amount of GMP is held on both Altair and on the individual pensioner payroll records. Reconciliation of the pensioner payroll against Altair pensioner records will be run in tandem with the GMP reconciliation project. 	<ul style="list-style-type: none"> The reconciliation of the pensioner payroll against Altair records is progressing well. The last Business Plan Update reported that at the start of the project there were 28,823 lines of data to be reconciled. A tolerance level of up to a maximum of £100 difference in the total annual pension between the two systems was set. 24,576 lines of data either completely matched or came within the tolerance. This left 4,511 lines of data to be reconciled by 31 March 2016. To date 427 cases have been reconciled reducing the total outstanding to 4,084 (across both Funds). To date only a small number of overpayments have been identified. The Pensions Committee will be updated on the overpayments and the progress made on recovery via the Overpayments Report. 	<p>Throughout 2015-16</p>

	<p>The next stage of the project will look specifically at the differences in the Guaranteed Minimum Pension amounts held on each system and with that held by HMRC for all pensioner members. At this stage there are approximately 9,500 lines of data to be reconciled but this will be reduced through work under taken in the first stage of the project. Ongoing – Amber</p>	
Renewal/review of contracts	Progress	Timescale for completion
<p>Procurement of actuarial, governance and benefits consultancy service.</p> <ul style="list-style-type: none"> LGSS Pensions participation in the refreshing of the National LGPS Framework for Actuarial and Benefits Consultancy contracts to commence from May 2015. 	<ul style="list-style-type: none"> Work to refresh the National LGPS Framework for Actuarial and Benefits Consultancy has been delayed. Further updates will be provided once the project commences. Ongoing – Amber. 	<p>Process to complete by June 2017.</p>
<p>Review Additional Voluntary Contribution providers.</p> <ul style="list-style-type: none"> Gather investment and membership data and analyse performance and popularity of the current providers. Seek information on other suppliers Additional Voluntary Contribution facilities for LGPS members. 	<p>The LGSS Pensions Service Investment Team is looking at the range of investment offerings provided by Prudential on their AVC platform to ensure that we have an appropriate range of available to members. A report on the proposed set of investment options will be provided to the Pension Committee at a later date. Ongoing – Amber.</p>	<p>March 2016 Committee meeting.</p>

Section 2 - Contribution Reporting

The following table shows the percentage of employers in the Cambridgeshire Pension Fund who paid their employee and employer contributions either on time or late (after the 19th of the month following deduction) for the period 1 October 2014 to 30 September 2015.

	Oct -14	Nov -14	Dec -14	Jan -15	Feb - 15	Mar -15	Apr - 15	May -15	Jun -15	Jul -15	Aug - 15	Sep - 15
% of Employers Paid on Time	96.9	99.4	99.0	95.7	97.6	91	96.1	94.7	95.1	97.9	97.3	97.7
% of Employers Paid Late	3.1	0.6	1.0	4.3	2.4	9	3.9	5.3	4.9	2.1	2.7	2.3

The average percentage of employers who did not pay their contributions by the 19th day of the month following deduction for this quarter was 2.4% per month.

In the quarter, July had 9 late payments totalling £172,772.24. August had 12 late payments of £165,156.95 and in September there were 10 late payments of £22,544.28. The total value of late payments for this quarter amounted to £360,473.47.

The values in July and August were high due to late payments from one individual Scheme Employer who has a large payroll. The value in July for this Employer was £164,598.98 and was 25 days late and £157,542.76 in August where the payment was one day late.

There were 8 employers who were reported as paying late more than once in this or the previous quarter combined. For this quarter the value amounted to £345,641.46.

A breakdown of this is below –

Employer	Month	Days Late	Amount	Last Quarter	Comments/Action
A	July	17	£226.26	April on time	The Employer had previously overpaid and had exhausted the surplus leading to a late payment in July. The Employer was informed of the statutory obligations and the Funding Team are working with them to resolve this issue. This is the first issue with this employer since they joined in 2010.
	August	22	£226.26	May on time	
	September	Outstanding	£226.26	June on time	

B	July August	25 1	£164,598.98 £157,542.76	April on time May on time June on time	As detailed above, the payment for July was late due to an Employer administrative error and this was quickly resolved. These are the first occasions that this Employer has paid over contributions late.
C	September	12	£1,359.36	April late May late June on time	This Employer has been contacted in regards of late payments and escalated to the Employers Team.
D	July August September	55 42 12	£2,499.72 £2,499.72 £2,498.57	April late May late June late	Double payment made in November. Subsequent double payment due to be made in December., Once paid this Employer will be up to date.
E	July August September	4 7 1	£3,510.68 £2,948.48 £2,870.07	April on time May late June late	Delay with receipt of cheque payments. The employer has been advised that they must meet the statutory deadline.
F	August September	42 12	£475.17 £475.17	N/A	New employer to the Fund who didn't fully understand the statutory requirement to make payment by the statutory deadline. Employer is now fully aware of their responsibilities.
G	August September	11 1	£258.34 £205.34	April late May late June on time	Delay with receipt of cheque payments as they are signed at the next available meeting of that Parish Council which may not coincide with the statutory deadline. The employer has been advised that they must meet the statutory deadline.
H	July August September	73 42 12	£1,141.01 £1,023.18 £1,056.13	April late May late June late	Employer has now paid employee contributions to the Fund. A meeting was

					held between the Service, the Scheme Employer and the Ceding Employer and a resolution has been agreed that the Ceding Employer will pay immediately outstanding Employer contributions owed to the Fund. Going forward the Scheme Employer is aware of their responsibilities and has been advised of the potential ramifications if this is not achieved.
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In addition, as part of the monitoring of late payments, LGSS Pensions Service now record when employers do not submit their monthly returns (the form which details the breakdown of the payment being made) on time. The payment and return need to be reconciled, in some cases a late payment cannot be identified until both the payment and the return have been received.

The following table shows the percentage of employers in the Cambridgeshire Pension Fund who submitted their payment schedules either on time or late for the period 1 April 2015 to 30 September 2015.

	Apr -15	May - 15	Jun -15	Jul -15	Aug -15	Sep -15
% of Employers submitted on time	93.2	94.1	95.2	97	94.5	93.5
% of Employers submitted late	6.8	5.9	4.8	3	5.5	6.5

All employers who submit their monthly return or payment late are informed that this not acceptable and they could incur a penalty if not rectified going forward. In light of these ongoing issues around this area a communication will be sent to all employers addressing importance of making payments and submitting returns on time and subsequent penalties for failing to do so.

In line with the Pension Regulator's Code of Practice, LGSS Pensions Service will be working with the employers who are paying over contributions later than the statutory deadline and submitting late returns to ensure compliance each month going forward. Employers that persistently pay over late or submit late returns may be reported to the Pensions Regulator if the breach is deemed as material.

Section 3 - Administration and Investment Expenses

Below is how the Fund has performed against the financial forecast detailed in the Annual Business Plan for 2015-16.

The Fund is on target at this stage for meeting the year forecast.

CPF Administration, Governance and Investment Expenses				
31 October 2015	2015-16 Original Estimate £'000	2015-16 Full Year Forecast £'000	2015-16 Variance £'000	Comments
LGSS Pension Service	1,491	1,425	-55	Vacancy factor on staffing
County Council Related Overheads	702	702	-	
Administration Expenses	2,193	2,127	-55	
Direct Fund – Governance Related	415	415	-	
Direct Fund – Governance Related	415	415	-	
Direct Fund – Investment Related	250	250	-	
Direct Fund – Investment Related	250	250	-	
Total Administration, Governance and Investment expenses	2,858	2,792	-55	

Section 4 - Key Performance Indicators – 1 August 2015 to 31 October 2015

Below are the results of how the Fund has performed against the Key Performance Indicators set out in the 2015-16 Annual Business Plan in period three.

The following Key Performance Indicators are based on the performance of LGSS Pensions Service.

Function/Task – Service Key Performance Indicators	Indicator	Target	Within Target (last quarter performance)	Update/Additional Information
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%	94% (99%)	Target achieved and exceeded.
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%	99% (96%)	Target achieved and exceeded.
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	99% (100%)	Target achieved and exceeded.
Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	77% (87%)	Target missed due to an increased volume of estimate requests. Estimate requests are 80% higher than this time last year. Additional

				promotion of Member Self-Service is taking place to encourage members to access estimates via this Service.
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	69% (95%)	Target missed due to the additional training and support required for new staff deployed to this area to ensure the Service has multi-skilled officers for the long term.
Notify the employer and scheme members of changes to the scheme rules.	Within one month of the LGSS Pensions Service being informed of the change.	95%	N/A (100%)	No communications have been sent in this quarter.
Issue annual benefit statements to active members as at 31 March each year.	By the following 31 August (pending timely receipt of satisfactory year end data from the scheme employer).	100%	N/A	The 2.17% of statements that were not issued by 31 August 2015 were issued by 30 November 2015 which has been brought forward from 31 December following guidance from the Pensions Regulator.

The following Key Performance Indicators are based on the performance of the employers within the Fund

Function /Task – Employer Key Performance Indicators	Indicator	Target	Within Target	Update/Additional Information
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.	Contributions to be received by individual employers by 19 th calendar day of month after deduction and statement/schedule was received by the same date as payment.	100%	96.3% (95%)	Work is continuing with employers to ensure timely submission of both payments and schedules for each calendar month. More robust processes are being developed to target the 3.7% of employers that have submitted a late payment or return for this quarter. This has improved by 1.3% since the last quarter.
Provide LGSS Pensions Service with accurate year end information in the prescribed format.	Accurate year end information to be provided for all scheme members by 30 April following contribution year end.	100%	N/A	Currently year end information has not been received for 5 active members of the Cambridgeshire Pension Fund (membership of 2 small employers) and a statement is unable to be issued. Officers will be writing to the individuals concerned to advise that their Employer did not submit year end information and therefore a statement could not be issued. This has been recorded on the breaches log as an immaterial breach.
Provide LGSS Pensions Service with all necessary information regarding new starters and hours/weeks per year variations in a format acceptable to the Administering Authority.	Accurate information provided within 10 working days of the relevant calendar month end or within 30 days of commencement/change if earlier where employer automatic enrolment duties apply.	95%	66.7% (44.4%)	Close liaison between the Pension Service and the large payroll providers has resulted in progress in this area. Currently one large payroll provider is not meeting the requirements and this has been escalated to the Employers Team who is managing this process.

Appendix 2

LGSS Pensions Employer Survey - 2014/15

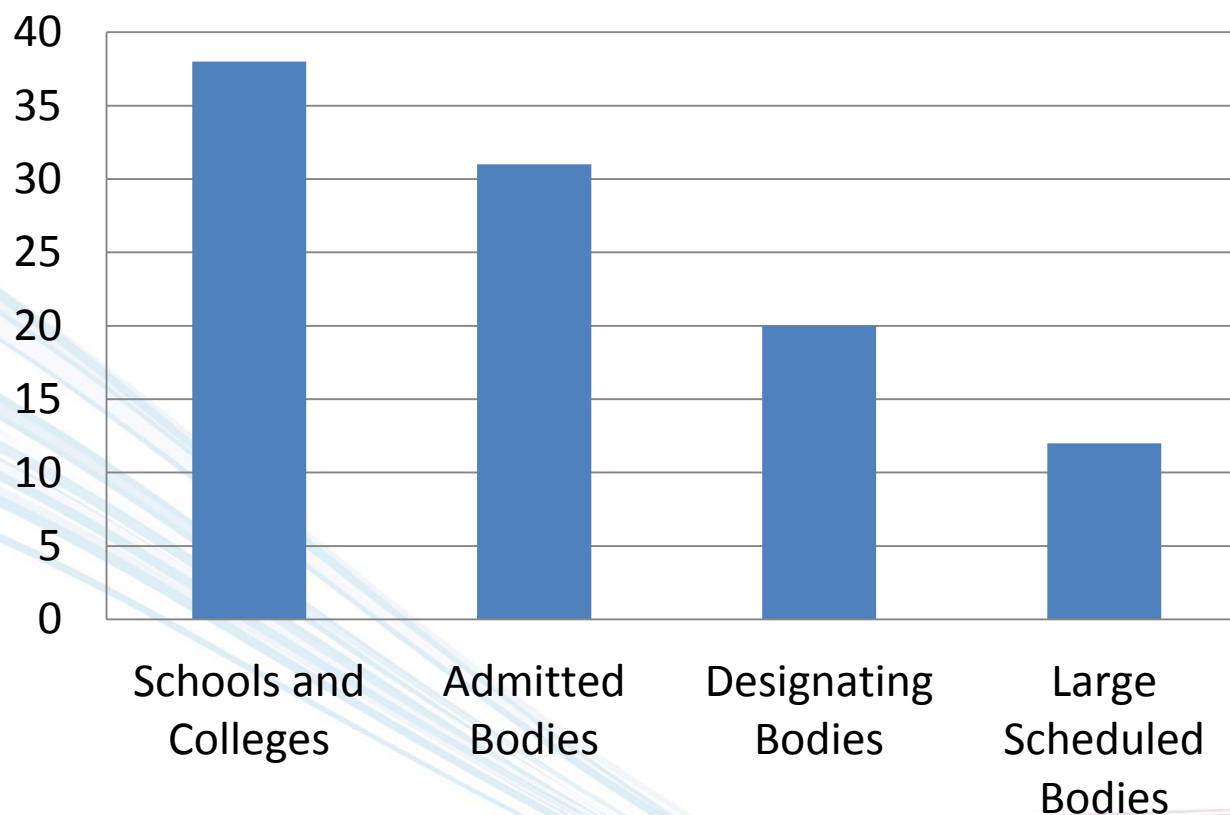
Richard Sultana
Employer Liaison & Communications Officer

The Survey

- 621 invitations sent out to complete the survey
- Our Employers asked to comment on our performance in the following areas:
 - Responding to communication from employers
 - Speed and quality
 - Our communication with employers
 - Bulletins
 - Employer Forums
 - Website
 - Training
 - Awareness of Governance

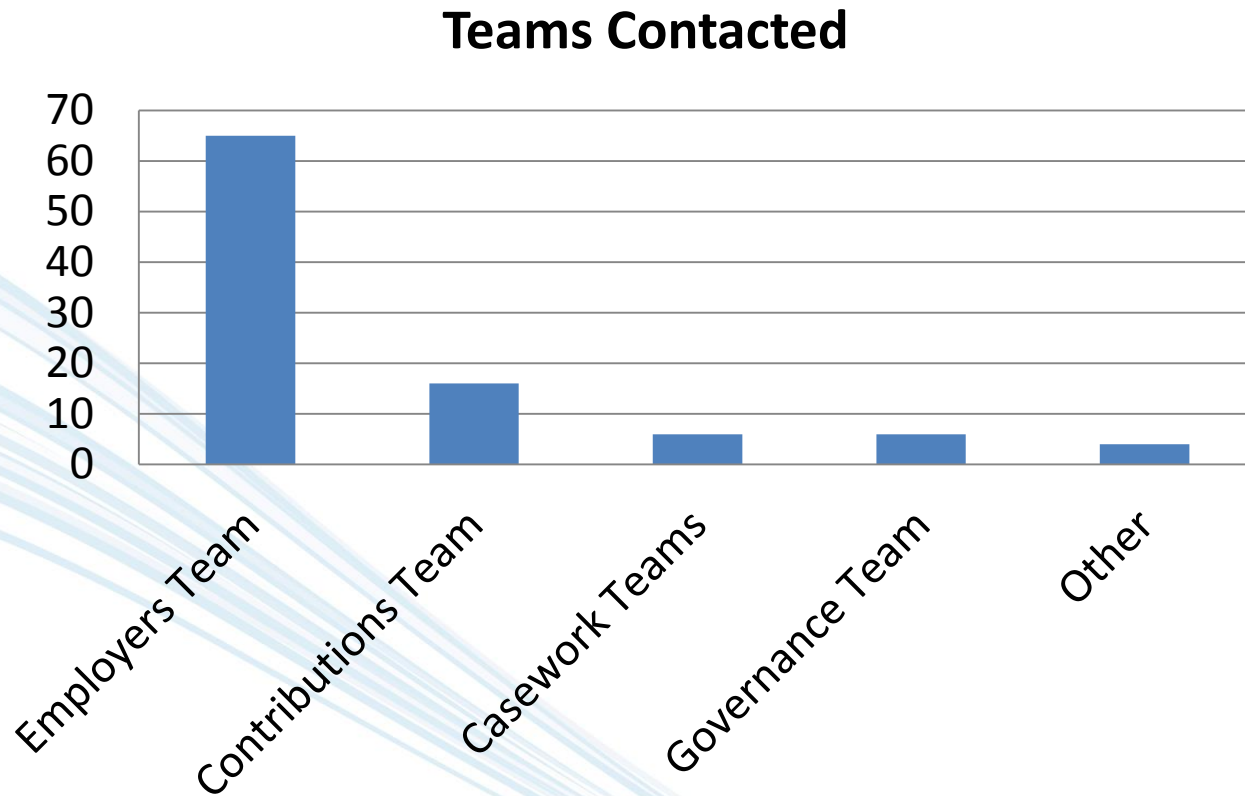
Responses

- 101 responses received

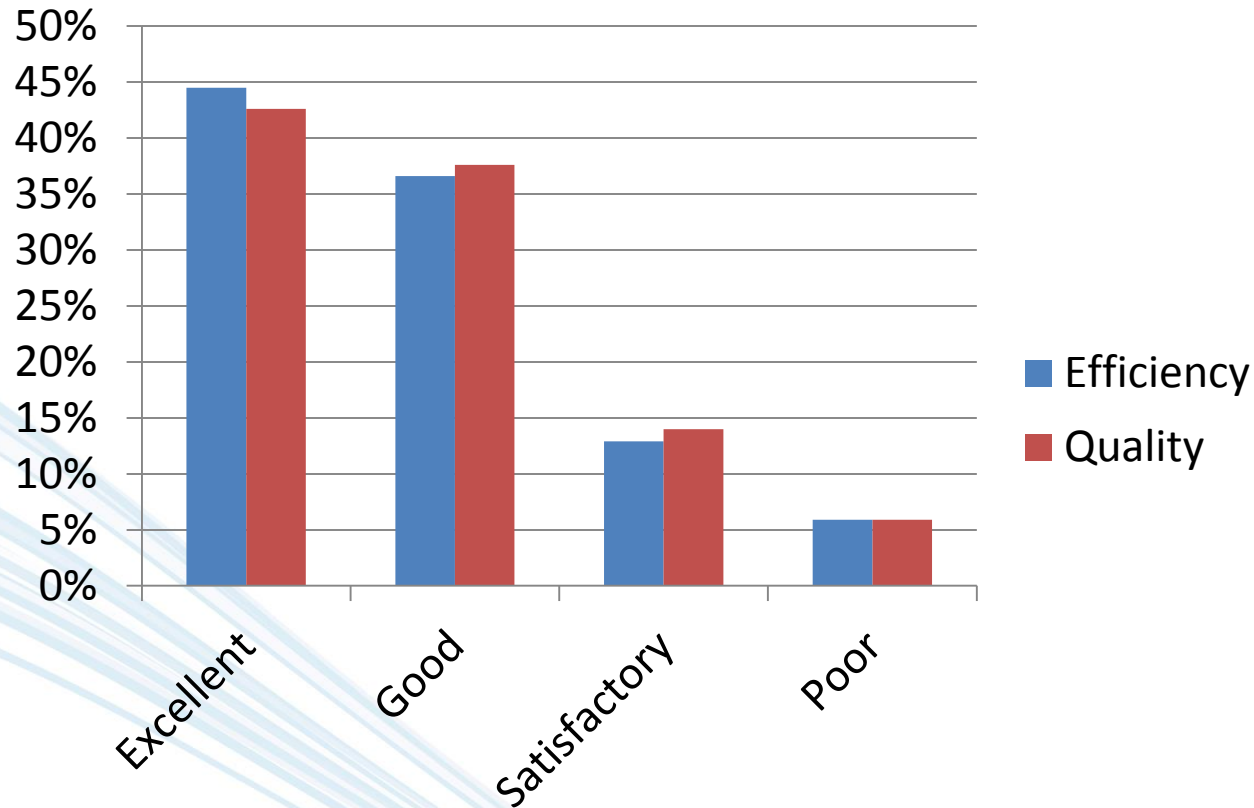


Communicating with LGSS

- 86% of respondents had contacted us in the last 12 months



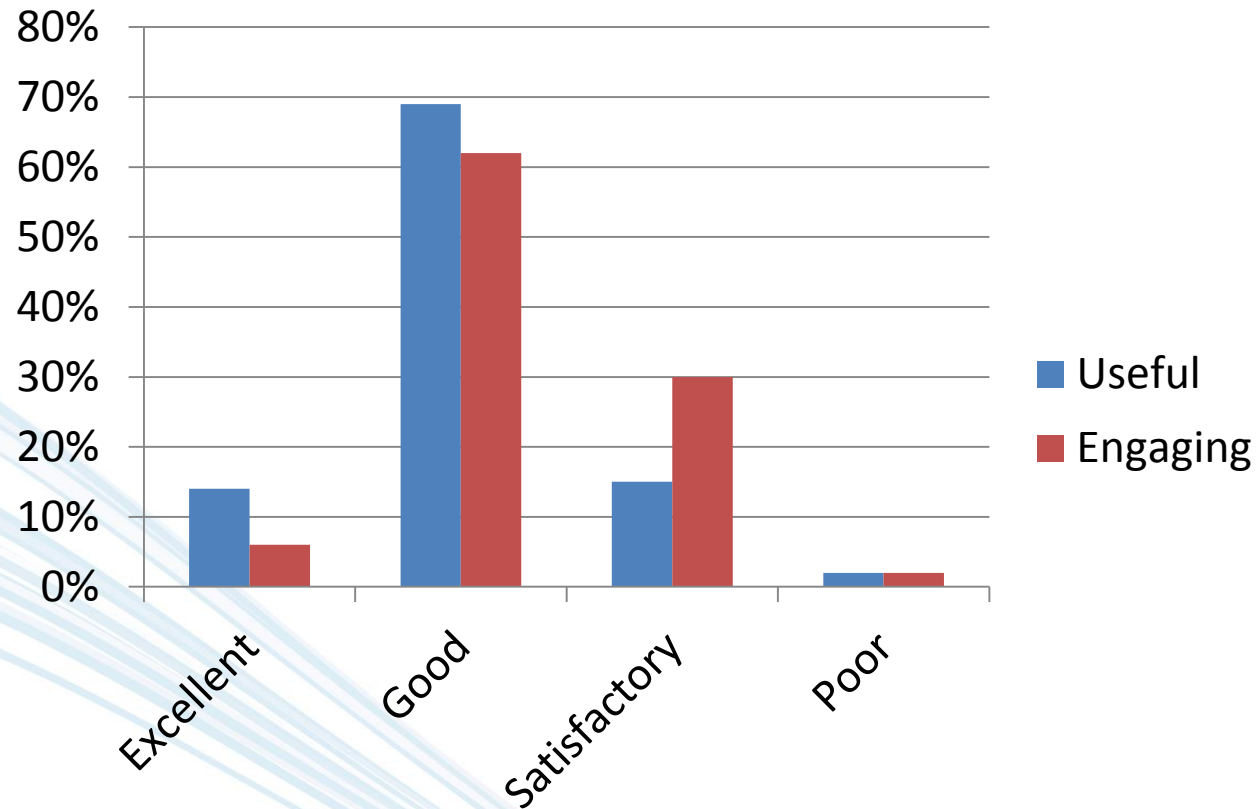
Efficiency and Quality of responses to employers



Employer Bulletins

- 85.5% of respondents had read at least one of our bulletins released in the last 12 months
- 14.5% had not read any of the bulletins
 - Did not receive them or too busy
- We asked for feedback on the quality of each bulletin in terms of usefulness and how engaging they were.

Employer Bulletins

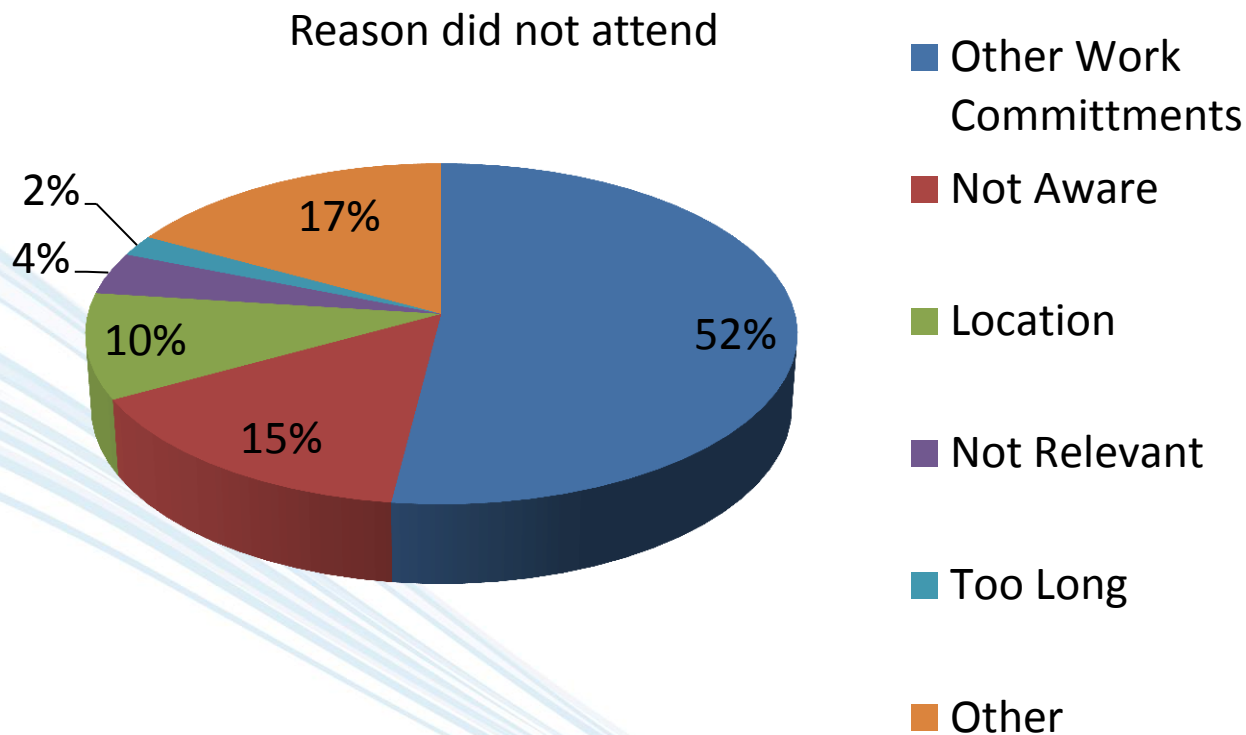


Employer Bulletins - Feedback

- Usefulness – 7 comments received
 - Too technical
 - Too much jargon
- Engaging – 17 comments received
 - Pensions is not an engaging subject
 - Too wordy
 - Too much jargon
 - Complex subject matter
 - Prefer paper or PDF not link website

Employer Forums

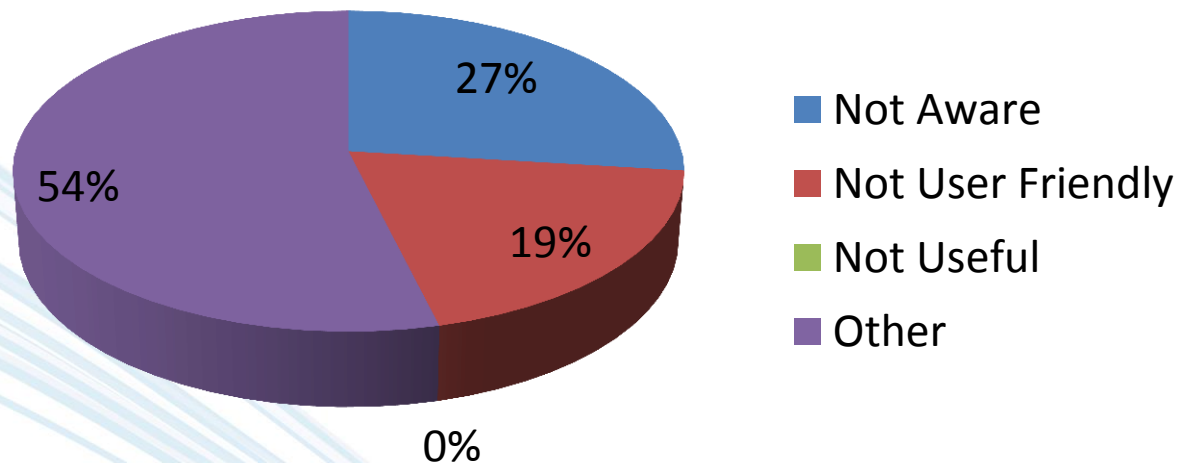
- Only 31.4% of respondents had attended the employer forum last year



Website

- 54% of respondents had used the website in the last 12 months

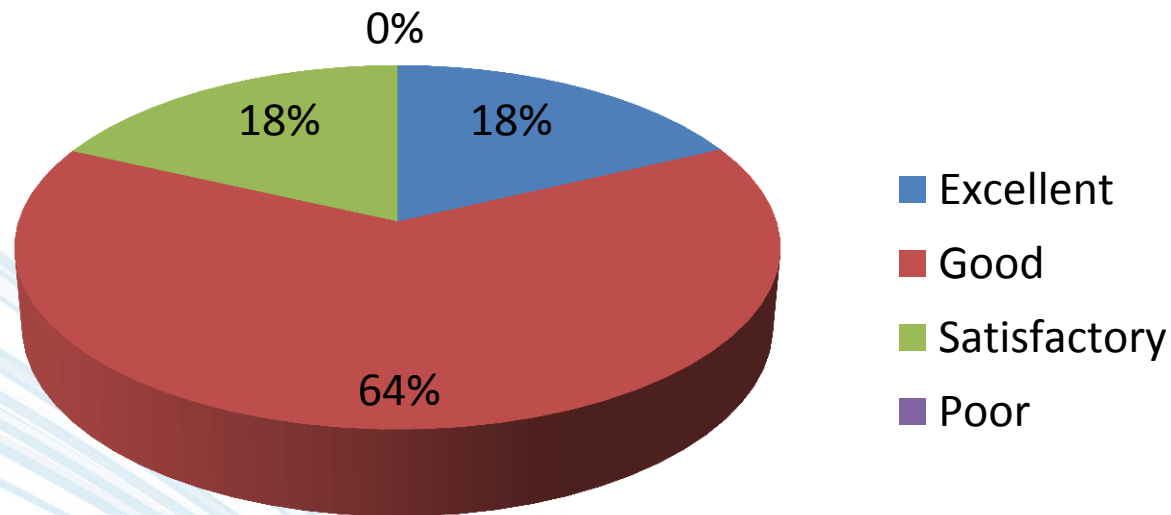
Reasons for not using the website



Website - Content

- 82% of respondents found the content on the website to be excellent or good

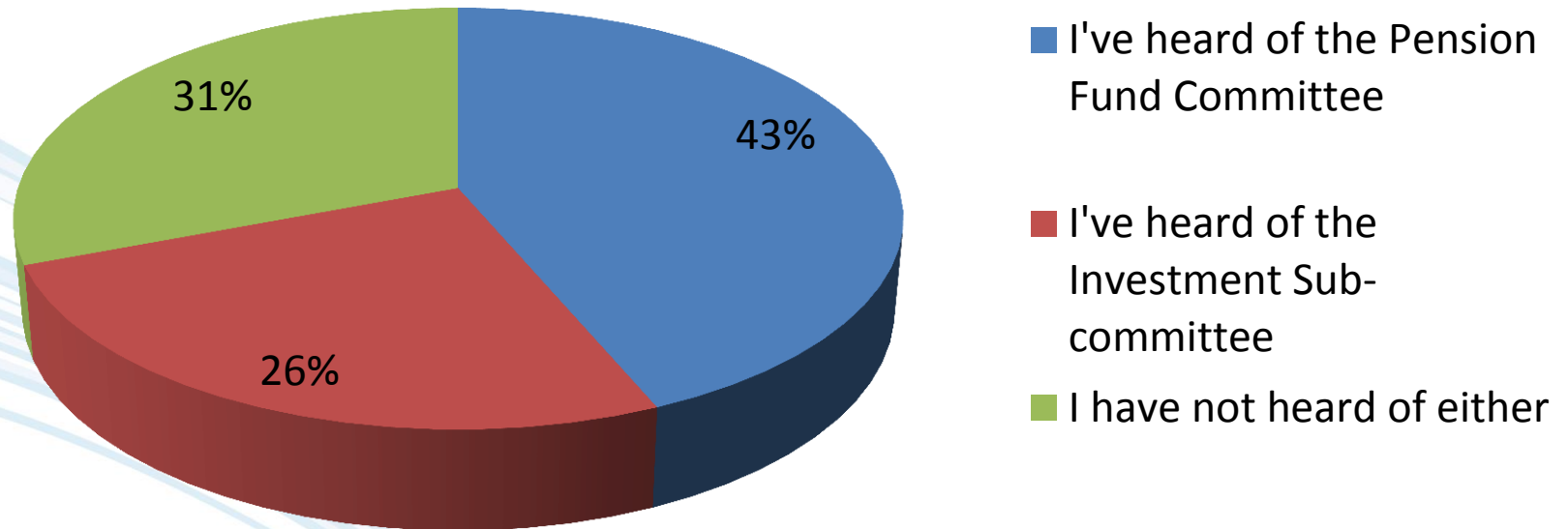
Content on website



Training

- 50% of respondents had attended employer training in the last 12 months
- Of these, 93% said the training met their needs
- Awareness of training is low
- Employer Responsibilities and Pensionable Pay most popular topics
- Step-by-step guides, presentations & workshops

Awareness of Governance



- 74% of respondents have not read key governance reports

What do we intend to do with the results

- Inform employers of the outcome
 - Bulletin to go out shortly to employers outlining results
 - Short presentation in employer forums in October
- Feedback to LGSS
- Act on their feedback as much as possible
 - Website will be changing with dedicated Member and Employer sites.
 - Member site to be managed by Heywoods
 - Forums to be more interactive
 - Summary webinars
 - Workshops
 - Review the current format and timing of bulletins
 - Separate Pensionable Pay workshops
 - Employer induction programme

Thank you, are there any
questions?

CAMBRIDGESHIRE PENSION FUND



Pensions Committee

Date: 17 December 2015

Report by: Head of Pensions

Subject:	Governance and Legislation Report
Purpose of the Report	To provide the Pensions Committee with: 1) Information on issues concerning the governance of the Local Government Pension Scheme (LGPS) on a national and local basis; 2) Information on new or amending legislation affecting the LGPS; 3) Details of relevant consultations affecting the LGPS; and 4) Details of forthcoming training events.
Recommendations	That the Pensions Committee notes the content of the report.
Enquiries to:	Jo Walton – Governance and Regulations Manager, LGSS Pensions Service; Tel: 01604 367030 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 new, amending and overriding legislation that will have an impact on how the Scheme is managed and on members' benefits.

2. Governance – Activity of the LGPS Scheme Advisory Board

2.1 Separation of Host Authority from the Pension Fund

- 2.1.1 As reported in the last Governance and Regulations report the Scheme Advisory Board released a proposal for assistance in developing options for separation of the host authority (administering authority) from the Pension Fund as part of its 2015-16 work plan.
- 2.1.2 KPMG was successful in tendering for this work and presented their findings to the Board on 21 September 2015. Although no further detail has officially been released from the Scheme Advisory Board, there was a presentation by KPMG at the Pensions and Lifetime Savings Association (previously known as NAPF) Local Authority Forum on 3 November 2015.

2.1.3 KPMG's presentation can be found at the following link;

http://www.plsa.co.uk/Your_recent_event_2/Local_Authority_Forum/~media/Image%20Library/Events/Forums/2015/LA%20Forum/Speaker%20presentations/1410-Urrffa-Rafiq.pdf

3. Governance – Activities of the Pension Fund Board (Local Pension Board)

3.1 The recruitment for the remaining two vacancies on the Cambridgeshire Pension Fund Local Pension Board was completed in October 2015.

3.2 The employee representative vacancy has been filled by David Brooks who previously served on the Pension Committee (or Pension Board as it was then known) as an "All Other Employers' Representative".

3.3 The employer representative vacancy has been filled by Ian Dewar who is a Councillor at Sutton Parish Council.

3.4 The next meeting of the Pension Fund Board is on 20 January 2015.

4. Department for Communities and Local Government (DCLG) – Local Government Pension Scheme Funds England 2014-15 – Statistical Release (October 2015)

4.1 The DCLG Statistical Release provides information on LGPS Funds in England that was gathered via the SF3 return that were submitted by all 81 Administering Authorities. The SF3 return collects information on LGPS Funds' income, expenditure, membership, retirements and other activities. It also shows other associated information for the 2014-15 financial year and changes over the previous years.

4.2 The following table summarises the statistical information on expenditure in the LGPS:

	2014-15	2013-14	Increase (+)/Decrease(-)
Expenditure on pensions	£6,691m	£6,323m	+5.82%
Expenditure on retirement lump sums	£1,295m	£1,242m	+4.30%
Other lump sum expenditure (including on death)	£172m	£168m	+2.38%
Other lump/other benefits	£111m	£116m	-4.31%
Total expenditure on benefits	£8,269m	£7,848m	+5.36%
Disposal of liabilities (transfers and refunds)*	£2,952m	£472m	+525.42%
Fund management costs**	£689m	£449m	+53.45%
Administration costs	£121m	£123m	-1.63%
Other expenditure	£22m	£15m	+46.67%
Total expenditure***	£12,053m	£8,907m	+35.32%

- *Includes £2.6bn transfer of the Ministry of Justice/Probation Service staff to the Greater Manchester Pension Fund from a number of LGPS Funds
- **Definition of fund management costs changed during 2014-15 following revised guidance from CIPFA.
- ***Excludes the £2.6bn transfer of the Ministry of Justice/Probation Service staff to the Greater Manchester Pension Fund

4.3 The following table summarises the statistical information on income in the LGPS:

	2014-15	2013-14	Increase (+)/Decrease(-)
Income from employee contributions	£1,934m	£1,827m	+5.86%
Income from employer contributions	£6,837m	£6,030m	+13.38%
Dividends receivable	£2,160m	£2,161m	-0.05%
Interest receivable	£347m	£361m	-3.88%
Income from property	£450m	£423m	+6.38%
Other investment income*	£380m	£218m	+74.31%
Gross investment income	£3,338m	£3,164m	+5.50%
Income from transfer values**	£3,036m	£559m	+443.11%
Other income	£58m	£53m	+9.43%
Total income	£15,204m	£11,632m	+30.7%

- *Includes a one-off exception item of £120m due to the transfer of the Ministry of Justice/Probation Service staff to the Greater Manchester Pension Fund
- **Includes an exceptional transfer of £2.6bn due to the transfer of the Ministry of Justice/Probation Service staff to the Greater Manchester Pension Fund

4.4 The Statistical Release also illustrates that the market value of the LGPS Funds in England stands at £200,849m in 2014-15, increasing from £177,620m in 2013-14.

4.5 The full Statistical Release including data going back to 2005-06 can be found at the following link;

<https://www.gov.uk/government/statistics/local-government-pension-scheme-funds-for-england-2014-to-2015>

5. Negative Consumer Price Index – revaluation of CARE benefits

5.1 On 13 October it was reported that the September 2015 Consumer Price Index (CPI) was a negative value of -0.1%. The Public Services Pensions Act 2013 requires that where there is a percentage decrease the Treasury Order must be approved by both the House of Commons and the House of Lords for it to become law; this is referred to as the affirmative procedure. This is different to the negative procedure which is applied when the percentage is zero or an increase. In the negative procedure the Treasury Order will automatically become law without debate unless there is an objection from either the House of Commons or the House of Lords.

5.2 As yet, nothing has been confirmed concerning the likelihood, or otherwise, of a negative revaluation percentage being passed in law

6. Legislation

- 6.1 The following legislation has been issued that may have an impact on LGPS member benefits;

Legislation	Outline/Relevance to the LGPS
The Occupational Pension Schemes (Schemes that were Contracted –out) (No.2) Regulations 2015 (S.I. 2015/1677)	This replaces an earlier Statutory Instrument laid in July 2015, the Occupational Pension Schemes (Schemes that were Contracted-out) Regulations 2015 (S.I. 2015/1452). There was a procedural error in relation to two of the Regulations within the original, so it has been revoked and replaced by this fresh legislation which omits the two Regulations at issue, which will be incorporated later this year by following appropriate parliamentary procedure. The effect of the legislation is to replace most of the Occupational Pension Schemes (Contracting-out) Regulations 1996 as a consequence of the Pensions Act 2014 which created a new state pension for those reaching pensionable age from 6 April 2016. It has been made to ensure that all rights accrued by employees in contracted-out defined benefit schemes before the abolition of contracting-out are fully protected.
The Pensions Act 2014 (Commencement no. 6) Order 2015 (S.I.2015/1670)	This Order relates to State Pension provision and allows existing pensioners and those reaching State Pension age before 6 April 2016 to gain additional State Pension by paying Class 3A Voluntary National Insurance contributions.

7. Consultations/Call for Evidence

7.1 Public Sector exit payment cap

- 7.1.1 The Government has published its response to the short consultation undertaken during August on proposals to introduce a public sector exit payment cap in England of £95,000.
- 7.1.2 The response is short on detail but confirms that the Government plans to proceed with the introduction of the cap and it is currently making its way through the House of Lords and during the Bill's passage, the LGA will be making efforts to secure meetings with Government officials to discuss how the cap would work in practical terms.

7.2 “Strengthening the incentive to save: a consultation on pensions tax relief”

- 7.2.1 The consultation which ran from 8 July 2015 and closed on 30 September 2015 sought views on whether there is a case for reforming pensions tax relief or simply retaining the current system.
- 7.2.2 In a parliamentary answer on 27 October, the Chancellor of the Exchequer said that further details on the reform will be unveiled in the Budget 2016 and not in the Autumn Statement as some had expected.

7.3 The draft Pensions Act 2014 (Abolition of Contracting-out for Salary Related Pension Schemes) (Consequential Amendments) Order 2016

- 7.3.1 The Government has published a consultation on the draft Pensions Act 2014 (Abolition of Contracting-out for Salary Related Pension Schemes) (Consequential Amendments) Order 2016. The consultation invited views on changes to other secondary legislation to take account of the abolition of contracting-out from 6 April 2016.
- 7.3.2 The consultation ran from 20 October 2015 to 16 November 2015 and can be found at the following link;

<https://www.gov.uk/government/consultations/salary-related-pension-schemes-abolition-of-contracting-out-consequential-amendments>

8. Training Events

- 8.1 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.
- 8.2 In order to facilitate the acquisition of skills and knowledge, **Appendix 1** lists all events that are deemed useful and appropriate.
- 8.3 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.

9. Relevant Pension Fund Objectives

Perspective	Outcome
Communications	<ul style="list-style-type: none"> • Promote the Scheme as a valuable benefit. • Deliver a clear and consistent message; that is simple, relevant and impactful, uses plain English throughout and engages all levels of stakeholders' understanding. • Provide clear information about the Scheme, including changes to the Scheme, and educate and engage with members so that they can make informed decisions about their benefits. • Seek and review regular feedback from all stakeholders about communication and shape future communications appropriately. • Look for efficiencies in delivering communications including through greater use of technology and partnership working.
Funding and Investment	<ul style="list-style-type: none"> • To ensure that the Fund is able to meet its liabilities for pensions and other benefits with the minimum, stable level of employer contributions. • To ensure that sufficient resources are available to meet all liabilities as they fall due. • To maximise the returns from its investments within reasonable risk parameters.
Governance	<ul style="list-style-type: none"> • To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies. • Ensure the Fund and its stakeholders have the appropriate skills and receive training to ensure those skills are maintained in a changing environment.
Administration	<ul style="list-style-type: none"> • Provide a high quality, friendly and informative administration service to the Funds' stakeholders. • Administer the Funds in a cost effective and efficient manner utilising technology. • Ensure the Funds and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Funds. • Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary. • Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount. • Maintain accurate records and ensure data is protected and has authorised use only. • Understand the issues affecting scheme employers and the LGPS in the local and national context and adapt strategy and practice in response to this.

10. Finance & Resources Implications

- 10.1 There are no significant financial and resource implications as a result of the contents of this to note report.

11. Risk Implications

- a) Risk(s) associated with considering this report

Risk	Mitigation	Residual Risk
There is no risk associated with this to note report.		

- b) Risk(s) associated with not considering this report

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

12. Communication Implications

Training	All staff involved in the administration of the LGPS is 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 None

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	No
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?	Chris Malyon – 30/11/2015
Has this report been cleared by Head of Pensions?	Mark Whitby – 12/11/2015
Has the Chairman of the Pension Committee been consulted?	Councillor Hickford – 27/11/2015
Has this report been cleared by Legal Services?	Copy of report sent to Quentin Baker – 30/11/2015

Internal/External training and events 2015-16

The list of training events will be updated as we become aware of definitive dates and new events. We will also continue to email details of the training events as soon as we are notified where we feel members of the Pension Committee, Investment Sub-Committee and Pension Fund Board will benefit from attending.

Date	Event	KICs	Relevant for:
22 April 2015	LGPS Investment Risk	2	Officers, Committee/Board Members
18 – 20 May 2015	NAPF Local Authority Conference	4	Officers, Committee/Board Members
21 May 2015	LGE Training	2	Board Members
29 May 2015	Schroders Trustee Training 2015	2	Committee/Board Members
23 – 24 June 2015	Heywoods Class Group AGM	2	Officers
25 – 26 June 2015	12 th Annual LGPS Trustees Conference	2	Committee/Board Members
26 – 27 June 2015	LGC Pension Fund Symposium	2	Officers
7 – 9 July 2015	CIPFA Annual Conference	1	Officers
10 July 2015	CIPFA Pensions Network Operational Governance of the LGPS	2	Officers
9,13, 23 July 2015	AON Pension Board Member Training	2	Committee/Board Members
17 August 2015	Pooled Investments in the LGPS	2	Officers
1 September 2015	LGSS Pensions - Joint Local Pension Board and Committee Training	2	Officers, Committee/Board Members
10 – 11 September 2015	LGC Investment Summit	3	Officers, Committee/Board Members
25 September 2015	Introduction to the LGPS	2	Committee/Board Members
October 2015	heywoods User Group	2	Officers
14 – 16 October 2015	NAPF Annual Conference - Manchester	2	Officers, Committee/Board Members
15 October 2015	LGE Trustee Training (Fundamentals 1)	2	Newly elected Board and Committee Members
21 October 2015	13 th Annual LG Investment Forum	2	Officers, Committee/Board Members
27 October 2015	LGSS Pensions - LDI & Passive Training Day	2	Officers, Committee/Board Members
November 2015	CIPFA Pensions Network Annual Conference	2	Officers and depending on agenda, PFB Members

3 November 2015	UBS First Steps Seminar	2	Committee/Board Members
3 November 2015	PLSA Local Authority Forum	2	Officers, Committee/Board Members
10 November 2015	LGE Trustee Training (Fundamentals 2)	2	Newly elected Board and Committee Members
17 – 18 November 2015	Pensions Managers' Annual Conference	4	Officers
25 November 2015	UBS Second Steps Seminar	2	Committee/Board Members
3 December 2015	Eversheds Pensions Conference	2	Officers
2 - 4 December 2015	LAPFF Annual Conference	3	Officers, Committee/Board Members
27 January 2016	CIPFA LGPS Pensions Summit 2016	2	Officers

Internal/External training and events 2016-17

3 – 4 March 2016	LGC Investment Seminar	2	Officers, Committee/Board Members
16 - 18 May 2016	PLSA Local Authority Conference	2	Officers, Committee/Board Members
23 – 24 June 2016	LGC Pension Fund Symposium	2	Officers
19 – 21 October 2016	PLSA Annual Conference and Exhibition	2	Officers, Committee/Board Members
2 November 2016	PLSA Local Authority Forum	2	Officers, Committee/Board Members

With effect from October 2015, the National Association of Pension Funds (NAPF) was renamed Pensions and Lifetime Savings Association (PLSA).

**CAMBRIDGESHIRE
PENSION FUND**



Pension Committee

Date: 17 December 2015

Report by: Head of Pensions

Subject:	Employer Admissions and Cessations Report
Purpose of the Report	To report on the admission of one admission body and report two cessations from the Fund.
Recommendations	That the Pension Committee <ol style="list-style-type: none"> 1) notes the admission of the following admission body to the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> • Action for Children (London Road) 2) notes the cessation of the following bodies: <ul style="list-style-type: none"> • ABM Catering (Jeavons Wood) • Cheveley Parish Council
Enquiries to:	Mark Whitby, Head of LGSS Pensions Service; Tel: 01604 368502 E-mail: mwhitby@northamptonshire.gov.uk

1. Background

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

1.2 New Admission Body

- 1.2.1 Paragraph 1 of Part 3 of Schedule 2 to the Regulations provides for an Administering Authority making an admission agreement with an admission body, enabling employees of the admission body to be active members of the Local Government Pension Scheme.

- 1.2.2 A body which falls under paragraph 1(d)(i) of Part 3 of Schedule 2 is an admission body that is providing a service or assets in connection with the exercise of a function of a scheme employer, as a result of a transfer of the service or assets by means of a contract or other arrangement. Though the Regulations effectively provide discretion on the administering authority as to which bodies become paragraph 1(d)(i) admission bodies, guidance by the Department of Communities and Local Government in December 2009 states “*The administering authority cannot decline to admit a contractor if the contractor and the letting authority agree to meet the relevant requirements of the LGPS regulations.*”
- 1.2.3 The Pension Committee is asked to note that the following become a new admission body in the Cambridgeshire Pension Fund.

Date	New Admission Body	Background information
01/09/2015	Action for Children (London Road)	Cambridgeshire County Council has chosen to outsource the provision of one of its Children’s Homes and as a result 13 members of the LGPS have transferred from Cambridgeshire County Council to Action for Children.

1.3 Cessations

- 1.3.1 Cheveley Parish Council’s last active member ceased on the 30 April 2015. The member moved to a new employer in the Fund and has chosen to transfer their pension benefits to the new employer. As a result, Cheveley Parish Council has no active, deferred or pensioner members. All contribution payments are correct and up to date. As there are no active members left in the scheme and the last active member transferred under TUPE arrangements to another employer, all liabilities have now left the Fund.
- 1.3.2 ABM Catering’s (Jeavons Wood contract) last active member ceased on the 29 May 2015. The member has resigned from the position of Catering Manager and therefore has become a deferred member. All contribution payments have been paid and are up to date. As a pass through admission all liabilities will pass back to the ceding employer, Cambridgeshire County Council, therefore, there is no cessation payment to be made.

2. Relevant Pension Fund Objectives

Perspective	Outcome
Funding and Investment	<ul style="list-style-type: none"> To ensure that the Fund is able to meet its liabilities for pensions and other benefits with the minimum, stable level of employer contributions. To ensure that sufficient resources are available to meet all liabilities as they fall due. Ensure the Funds and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Funds. Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount.
Administration	<ul style="list-style-type: none"> Ensure the Funds and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Funds. Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary. Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount. Understand the issues affecting scheme employers and the LGPS in the local and national context and adapt strategy and practice in response to this.

3. Finance & Resources Implications

- 3.1 Actuarial costs in obtaining employer contribution rates, bond levels and funding position at commencement are recharged directly to the relevant employer.
- 3.2 The employer contribution rates contain an allowance for administration charges, meaning the new admissions should be cost neutral.
- 3.3 Employers who are unable to pay monies due during the course of active membership or at exit may result in unpaid liabilities being borne by the whole Fund or by a specific scheme employer. Measures to mitigate such an eventuality are readily available for admission bodies and set out in section 4 below. An employer risk register was also prepared as part of the triennial valuation process.

4. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
A company admitted to the Fund as an admission body may become financially unviable.	A surety bond or guarantor is required to cover the potential risk of the admitted body becoming insolvent and the monetary value	Green

	of this risk is reviewed regularly to ensure it provides adequate cover for the financial risks involved.	
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b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
Non compliance with CLG guidance that, an application by an admission body falling under paragraph 1(d)(i) of Part 3 Schedule 2 of the regulations, cannot be declined where the requirements of the LGPS Regulations are met.	Red

5. Communication Implications

Direct Communications	Direct communications will be required to facilitate employer start up in the LGPS.
Newsletter	Regular pension bulletins are issued to the scheme employers on topical matters.
Induction	New employers require an introduction to their employer responsibilities under the LGPS.
Seminar	Employers will be entitled to attend an annual Employer Forum.
Training	Generic and bespoke training courses will be made available.
Website	New employers are given access to the employer's guidance available on the pension's website.

6. Legal Implications

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

7. Consultation with Key Advisers

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

8. Alternative Options Considered

- 8.1 None available.

9. Background Papers

- 9.1 N/A

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 Chief Finance Officer/Section 151 Officer?	Chris Malyon – 30/11/2015
Has this report been cleared by Head of Pensions?	Mark Whitby – 12/11/2015
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 30/11/2015
Has this report been cleared by Legal Services?	Copy of report sent to Quentin Baker – 30/11/2015

CAMBRIDGESHIRE PENSION FUND



Pension Committee

Date: 17 December 2015

Report by: Head of Pensions

Subject:	Overpayment Report
Purpose of the Report	To provide the Pension Committee with; 1) Details relating to overpayments that have occurred; and 2) An analysis of action taken and current position.
Recommendations	That the Pension Committee notes the content of the report.
Enquiries to:	Jo Walton – Governance and Regulations Manager, LGSS Pensions Service; Tel: 01604 367030 E-mail: jwalton@northamptonshire.gov.uk

1 Background

- 1.1 This is a standing item that reports the overpayments of pension that have occurred during the reporting period and the relevant actions that have been taken.
- 1.2 The report details all the overpayments of pension for the period 1 August 2015 to 31 October 2015.
- 1.3 The overpayments of pension and the respective action taken with them is a statutory requirement for inclusion in the Fund's Annual Report.

2. Overpayment analysis

- 2.1 During the reporting period there were a total of 40 individuals overpaid. Two cases were due to a delay in applying the correct Guaranteed Minimum Pension figures to the pensioner payroll records; the total value of £55.42 was subsequently recovered through the payroll.
- 2.2 During this period 38 scheme members died and the date of notification to the Fund resulted in an overpayment of the late members' pension. The total value of these overpayments was £6,059.44 of which £3,495.58 remains outstanding and £2,563.86 was written off due to the individuals' overpayment being less than £250. Invoices have been raised for the 6 cases pending recovery.

2.3 The information in 2.1 and 2.2 is summarised in the following table:

Overpayment Type	Action	Amount	Total
Retirement	Written off	£0	£55.42 (2 cases)
	Recovery	£0	
	Recovered	£55.42 (2 cases)	
Death of a Pensioner /Dependent	Written off	£2,563.86 (32 cases)	£6,059.44 (38 Cases)
	Recovery	£3,495.58 (6 cases)	
	Recovered	£0	

2.4 The five out of the six overpayments from the previous report totalling £2,722.24 remain outstanding and the process is being managed through the LGSS Debt Management Team who will continue to chase the debt until it is paid or a decision is made to write the amount off. The £173.72 was recovered. The total overpayment value in the process of recovery therefore stands at £6,217.82 (£2,722.24 & £3,495.58) for the period 1 April 2015 to 31 October 2015.

3. Relevant Pension Fund Objectives

Perspective	Outcome
Governance	<ul style="list-style-type: none"> To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies. Ensure the Fund and its stakeholders have the appropriate skills and receive training to ensure those skills are maintained in a changing environment.
Funding and Investment	<ul style="list-style-type: none"> To ensure that the Fund is able to meet its liabilities for pensions and other benefits with the minimum, stable level of employer contributions. To ensure that sufficient resources are available to meet all liabilities as they fall due. To maximise the returns from its investments within reasonable risk parameters.
Communications	<ul style="list-style-type: none"> Promote the Scheme as a valuable benefit. Deliver a clear and consistent message; that is simple, relevant and impactful, uses plain English throughout and engages all levels of stakeholders' understanding. Provide clear information about the Scheme, including changes to the Scheme, and educate and engage with members so that they can make informed decisions about their benefits. Seek and review regular feedback from all stakeholders about communication and shape future communications appropriately. Look for efficiencies in delivering communications including through greater use of technology and partnership working.

Perspective	Outcome
Administration	<ul style="list-style-type: none"> • Provide a high quality, friendly and informative administration service to the Funds' stakeholders. • Administer the Funds in a cost effective and efficient manner utilising technology. • Ensure the Funds and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Funds. • Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary. • Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount. • Maintain accurate records and ensure data is protected and has authorised use only. • Understand the issues affecting scheme employers and the LGPS in the local and national context and adapt strategy and practice in response to this.

4. Finance & Resources Implications

4.1 The inability to recover monies due to the Fund.

5. Risk Implications

5.1 The inability to recover monies due to the Fund.

6. Communication Implications

Website	All overpayments of pension and the associated success and failure to recover will be reported in the Fund's Annual Report which will be published on the LGSS Pensions Service Website by 30 November each year.
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7. Legal Implications

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

8. Consultation with Key Advisers

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

9. Alternative Options Considered

9.1 There are no alternative options to be considered.

10. Background Papers

10.1 None

11. Appendices

11.1 None

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	No
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?	Chris Malyon – 30/11/2015
Has this report been cleared by Head of Pensions?	Mark Whitby – 19/11/2015
Has the Chairman of the Pension Committee been consulted?	Councillor Hickford – 27/11/2015
Has this report been cleared by Legal Services?	Copy of report sent to Quentin Baker – 30/11/2015

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

Date: 17 December 2015

Report by: Head of Pensions

Subject:	CIPFA Pensions Administration Benchmarking Club 2015
Purpose of the Report	To inform the Pension Committee of the results of the Pensions Administration CIPFA Benchmarking Club for 2015.
Recommendations	The Pension Committee is asked to note the report and the results of the 2015 Benchmarking Club.
Enquiries to:	Mark Whitby, Head of LGSS Pensions Service; Tel: 01604 368502; E-mail: mwhitby@northamptonshire.gov.uk

1. Background

- 1.1 Cambridgeshire Pension Fund has participated in the CIPFA Pensions Administration Benchmarking Club in respect of the year ending 31 March 2015. The Benchmarking Club enables Pension Funds to measure and compare performance and associated costs to other administering authorities in the Local Government Pensions universe.
- 1.2 The final report was issued in September 2015, comparing performance to 45 other authorities, including Northamptonshire Pension Fund.
- 1.3 It should be noted that Central Government are aware that the results from the CIPFA Benchmarking are not a robust enough resource to be used in any analysis of the costs of running LGPS Pension Funds. It is generally considered that the survey questions can be ambiguous allowing for potential skewing of true results to seek favourable positioning amongst club members.
- 1.4 In addition, it should be noted that the costs submitted during the completion of this survey do not directly relate to that reported in the Fund's final statement of accounts.

2. Overview of the final report

- 2.1 The final report is attached at **Appendix 1**.
- 2.2 The summary of results in Section 1 shows that staff costs and staff numbers compared to Scheme membership are significantly below average relative to other participants in the Benchmarking Club.

2.3 The summary in section 2 indicates that the net administration cost per member is £19.44 which is just above the Club average of £19.17. The net administration costs are a total of staff, payroll, overheads and direct costs.

2.4 Section 2 of the results provides a detailed analysis of the cost per member. The following table highlights the areas where the costs per member are higher than the Club average.

Area/Function	Cambridgeshire Pension Fund (per member)	Club average (per member)
Payroll (including staff)	£4.25	£1.85
Actuaries	£2.40	£1.14
Other running costs	£1.17	£0.78
Other central charges	£1.87	£1.60
Other IT	£0.76	£0.65

2.4.1 Payroll (including staff) costs per member has in this and previous years been higher than the group average due to the high license fee for the incumbent pensioner payroll system, Oracle. Going forward, payroll costs would be expected to be lower.

2.4.2 The actuarial cost per member also appears higher than the Club average. The reason for this is because the total costs for actuarial services that were submitted to CIPFA included all rechargeable activity for areas of work including production of FRS17/IAS19 statements and admission and cessation valuations which are ultimately recharged in full back to the employer. It is expected that in next years' results these recharges will be netted off against actuarial costs per member and therefore the corresponding costs will be lower.

2.5 Conversely, the following table highlights the areas where the costs per member are lower than the Club average.

Area/Function	Cambridgeshire Pension Fund (per member)	Club average (per member)
Staff (excluding payroll)	£5.37	£7.83
Accommodation	£0.63	£0.65
External Audit	£0.30	£0.41
Communications	£0.60	£0.78
IT Pensions Administration	£2.09	£2.32

2.6 Section 3 (page 13) also details the numbers of joiners and leavers per '000 of active members. The number of deaths per '000 active members is below average. The number of transfers out is below average which could represent greater awareness of the LGPS and its benefits. The number of members who leave early before their benefits can be paid (referred to as deferred members) is above average and indeed the second highest in the Club. Northamptonshire Pension Fund has the highest amount out of deferred members out of the Funds that participated in the survey.

2.7 Section 4 examines staff related measures. A high proportion of staff hold no relevant qualification, however the number of staff in training for a qualification is above the group average but this information was not submitted for inclusion in the survey.

- 2.8 Section 4 also details that both the short and long term sickness absence is below the Club average.
- 2.9 For section 5, Performance Indicator data was provided for six out of the eight indicators. The results show that the Fund's performance exceeded the Club average in four areas. For the two Performance Indicators that Fund didn't meet the industry standard the underperformance was within less than 2%.
- 2.10 Section 6 shows a comparison of in-house administrators (45) and outsourced administrators (5) in terms of cost per member (including payroll costs). The details for the Fund compared with the out-sourced average and the Club average are detailed in the table below;

Cambridgeshire Pension Fund	Club Average	Outsourced Average
£19.44	£19.17	£21.06

- 2.11 The final section shows the Fund's costs from 2010 to date with the figures for previous years scaled up or down from the 2014 figure by the average rate of change in each year.

3. Relevant Pension Fund Objectives

Perspective	Outcome
Governance	<ul style="list-style-type: none"> • To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies. • Ensure the Fund and its stakeholders have the appropriate skills and receive training to ensure those skills are maintained in a changing environment.
Communications	<ul style="list-style-type: none"> • Promote the Scheme as a valuable benefit. • Deliver a clear and consistent message; that is simple, relevant and impactful, uses plain English throughout and engages all levels of stakeholders' understanding. • Provide clear information about the Scheme, including changes to the Scheme, and educate and engage with members so that they can make informed decisions about their benefits. • Seek and review regular feedback from all stakeholders about communication and shape future communications appropriately. • Look for efficiencies in delivering communications including through greater use of technology and partnership working.

Perspective	Outcome
Administration	<ul style="list-style-type: none"> • Provide a high quality, friendly and informative administration service to the Funds' stakeholders. • Administer the Funds in a cost effective and efficient manner utilising technology. • Ensure the Funds and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Funds. • Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary. • Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount. • Maintain accurate records and ensure data is protected and has authorised use only. • Understand the issues affecting scheme employers and the LGPS in the local and national context and adapt strategy and practice in response to this.
Funding and Investment	<ul style="list-style-type: none"> • To ensure that the Fund is able to meet its liabilities for pensions and other benefits with the minimum, stable level of employer contributions. • To ensure that sufficient resources are available to meet all liabilities as they fall due. • To maximise the returns from its investments within reasonable risk parameters.

4. Finance & Resources Implications

- 4.1 This is a report in respect of finance and resources already expended in the previous financial year.

5. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
Report for information only		

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

Risk	Mitigation	Residual Risk
Report for information only		

6. Communications Implications

Direct Communications	Dependent on queries from CIPFA Benchmarking results
Website	CIPFA Benchmarking results will need to be added to the website

7. Legal Implications

7.1 None

8. Consultation with Key Advisors

8.1 None

9. Alternative Options Considered

9.1 None

10. Background Papers

10.1 None

11. Appendices

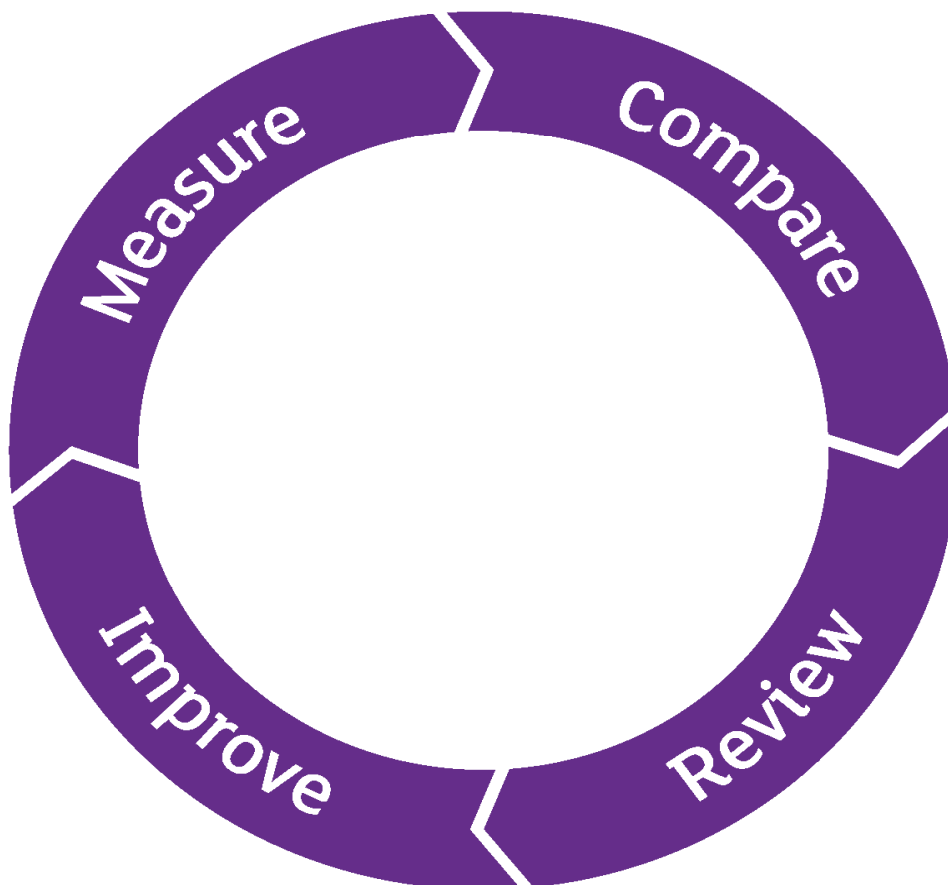
11.1 Appendix 1 – Cambridgeshire Pension Fund - Pensions Administration Benchmarking Club 2015 - Final Report

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 Director of Finance/ Section 151 Officer?	Chris Malyon – 27/11/2015
Has this report been cleared by Head of Pensions?	Mark Whitby – 19/11/2015
Has the Chairman of the Pension Committee been consulted?	Councillor Hickford – 30/11/2015 -
Has this report been cleared by Legal Services?	Copy of report sent to Quentin Baker – 30/11/2015

Information Services

pensions administration benchmarking club

2015 - Cambridgeshire Final Report



PREFACE

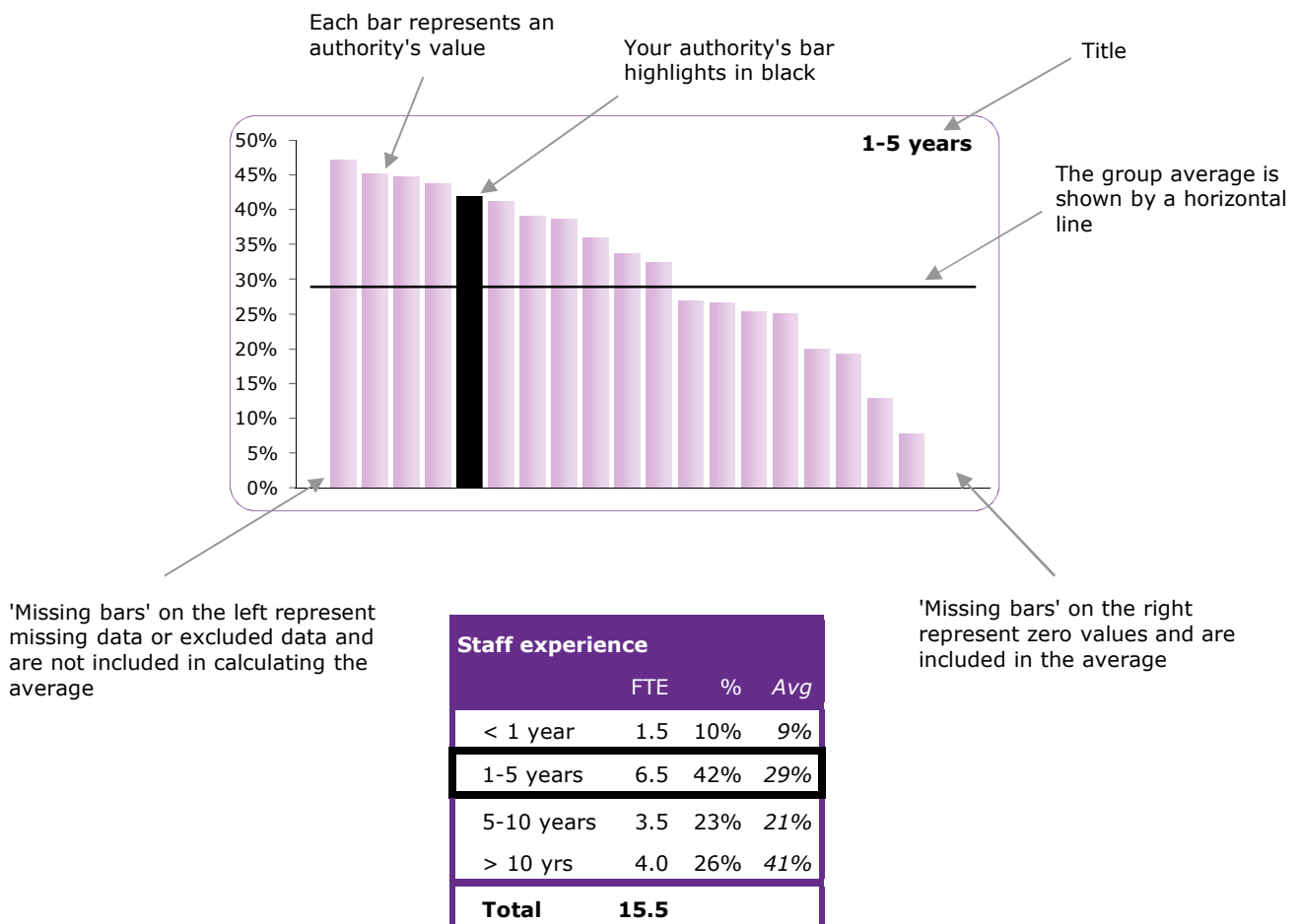
This report compares your data with the group of authorities specified on the title page.

Throughout the report your figures are shown in tables and in graphical form. If you are not familiar with our reports we hope this page will help you to better understand the way we present this data.

Averages: Almost all of our tables and charts compare your figure with a group average. The average is the unweighted mean value for the group. This average value ignores missing data, or data that we have excluded and for this reason sets of averages sometimes do not reconcile precisely.

Charts: We display a large amount of data on charts as this allows us to show the data for the entire group efficiently and gives far more information than a simple average (i.e. range of data, individual authority values etc.). Below we have annotated an example chart to help explain what they are showing.

Bar Charts: These are our standard method of displaying a full set of data



INTRODUCTION

This report compares your performance with the group of authorities specified on the title page. It is divided into the following sections.

	Page
1 Summary 2015	4
2 Cost Measures	5
3 Workload Measures	11
4 Staff Related Measures	20
5 Industry Standard Performance Indicators	24
6 Comparison by method of service delivery } <i>final reports</i>	25
7 Timeseries } <i>final reports only</i>	26

Section 1 - Summary 2015

This page provides a brief summary of the most salient aspects of the report.

Section 2 - Cost Measures

This section concentrates on cost/member ratios starting with total cost/member which is then broken down by staff costs, payroll costs, direct costs, overheads and income. Further analysis of direct costs and overheads is also provided in this section.

Section 3 - Workload Measures

The first measure of workload is the number of members in the scheme, which is shown along with a breakdown by class of membership. This is followed by an analysis of the number and type of LGPS employers.

Other workload measures include:

- Joiners and leavers with a full analysis of the various types of retirements
- Number of quotations provided and actual events processed
- AVCs, ARCs and Added years
- Appeals

Section 4 - Staff Related Measures

The measures included here are an analysis of staff numbers by pay band, sickness absence, pensions work experience, staff qualifications and staff turnover.

Section 5 - Industry Standard Performance Indicators

In this section we show how authorities perform against each of the LGPC performance indicators.

Section 6 - Comparison by Method of Service Delivery (final report only)

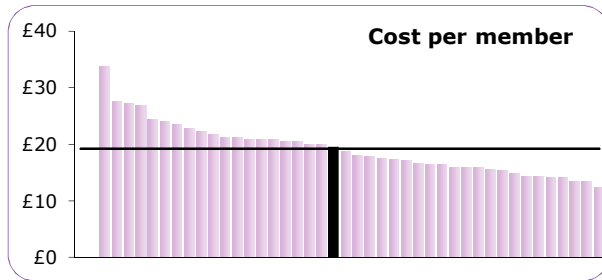
This shows members' costs and averages compared for in-house and externally managed pension schemes.

Section 7 -Timeseries (final report only)

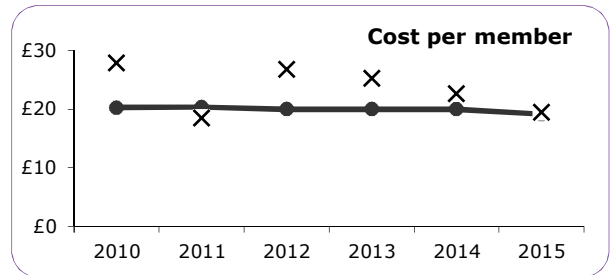
This shows the individual members' performance over time compared to the club average for cost per member, which is analysed over staff cost and other costs.

SECTION 1 - SUMMARY 2014/15

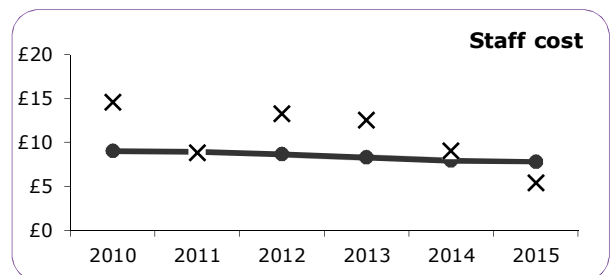
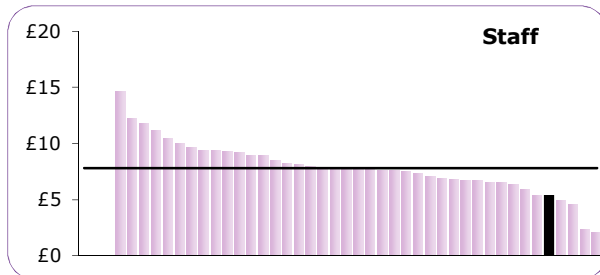
NET COST / MEMBER 2014/15



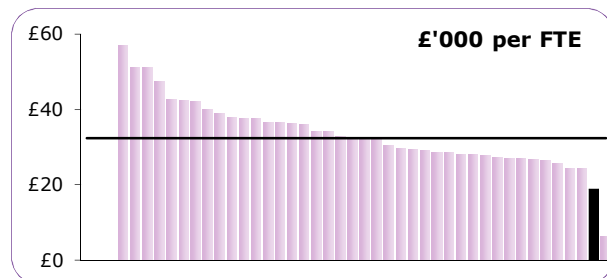
● Club average
X Cambridgeshire



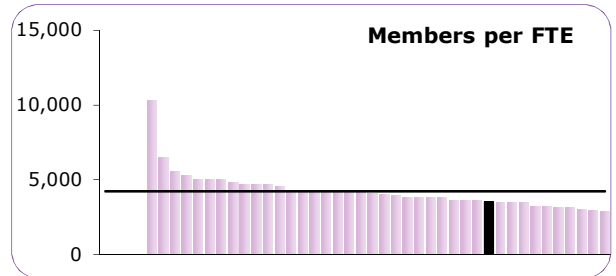
STAFF COST / MEMBER 2014/15



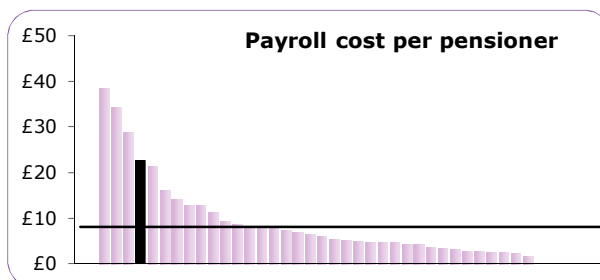
COST £'000 / FTE



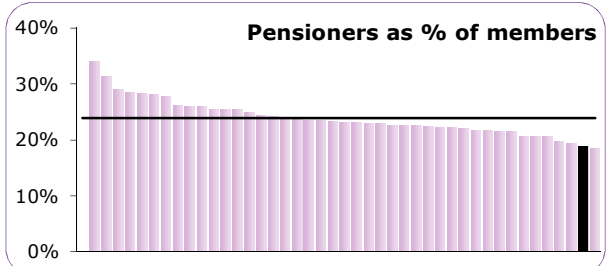
MEMBERS LGPS / ADMIN FTE



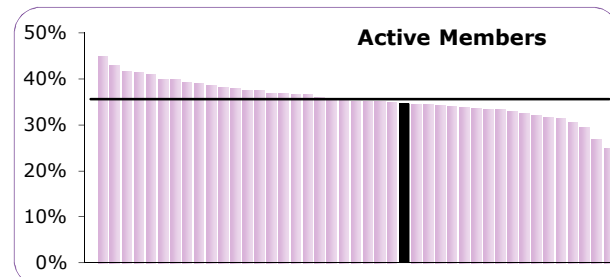
PAYROLL COST / PENSIONER



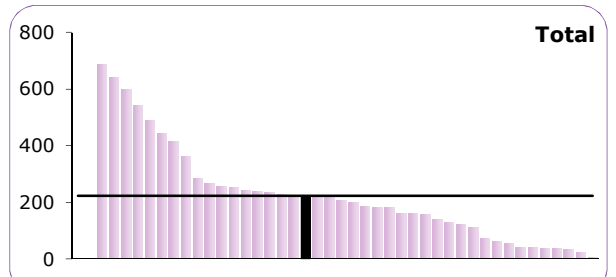
PENSIONERS AS A % MEMBERS



ACTIVES AS A % MEMBERS



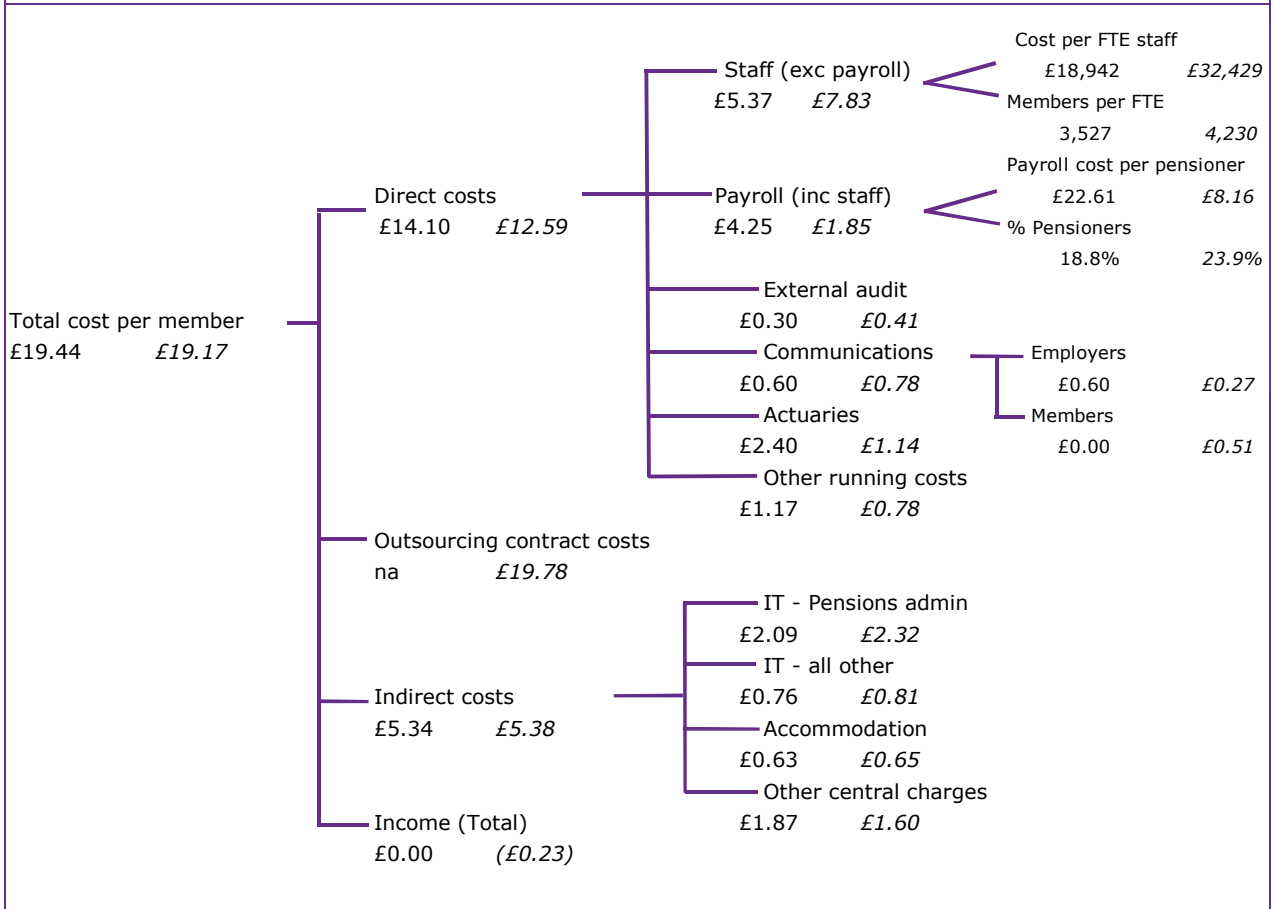
NUMBER OF LGPS EMPLOYERS



SECTION 2 - COST MEASURES

COST/MEMBER TREE 2014/15

This tree diagram analyses the cost per member. For each benchmark two figures are given the first being the authority's cost and the second (in *italics*) is the group average.



FTE staff	
Pension Section total	34.3
less	
IT staff	4.5
Payroll staff	2.0
Communications staff	0.5
Employing authority work	6.0
Work for other schemes	na
Other work	0.5
Admin of LGPS	20.8

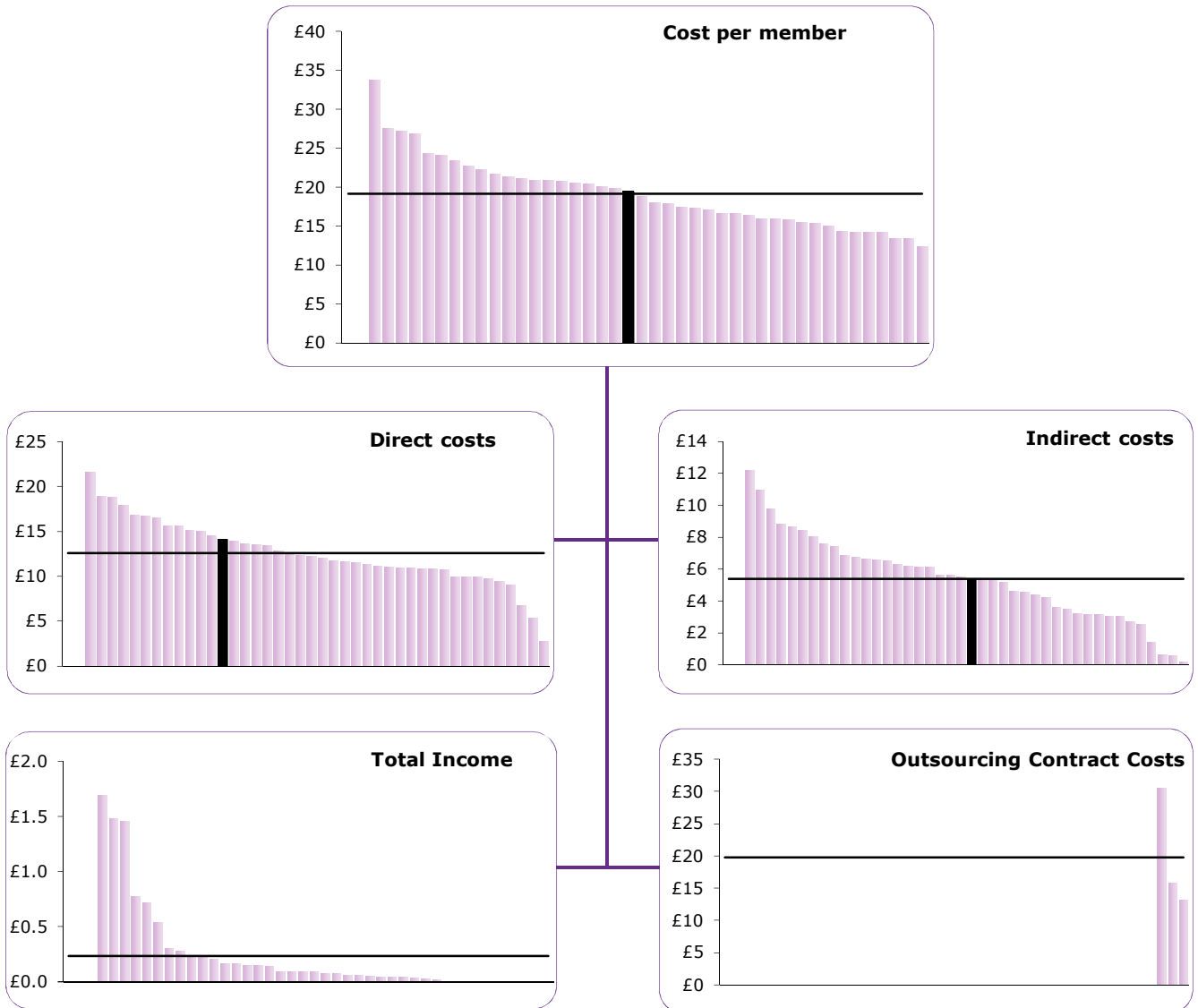
Net Costs £'000	
	£'000
Pension Section total	1,637
less	
Work for other schemes	105
Employing authority work	88
Other work	18
Admin of LGPS	1,426

Admin of LGPS costs	£'000	£ per member	Avg
Staff - administration	394	5.37	7.83
Staff - payroll	-	-	0.36
Payroll	312	4.25	1.49
Communications (Total)	44	0.60	0.78
Actuaries	176	2.40	1.14
External audit	22	0.30	0.41
Other running costs	86	1.17	0.78
Total Direct Costs	1,034	14.10	12.59
Outsourcing costs	-	na	19.78
IT - Pensions admin	153	2.09	2.32
IT - All other	56	0.76	0.81
Accommodation	46	0.63	0.65
Other central charges	137	1.87	1.60
Total Indirect Costs	392	5.34	5.38
Gross Cost	1,426	19.44	19.39
Income - Members	-	-	(0.06)
Income - Employers	-	-	(0.11)
Income - Other	-	-	(0.06)
Total Income	-	-	(0.23)
Net Cost	1,426	19.44	19.17

Total Scheme Membership 73,354

*Outsourcing Contract Costs average only includes those members who have outsourcing costs.

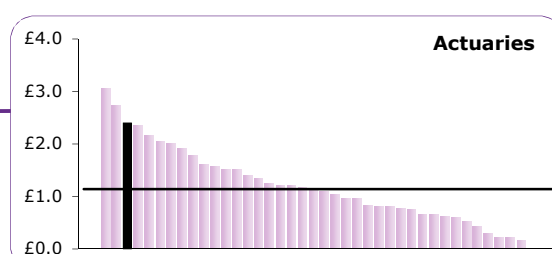
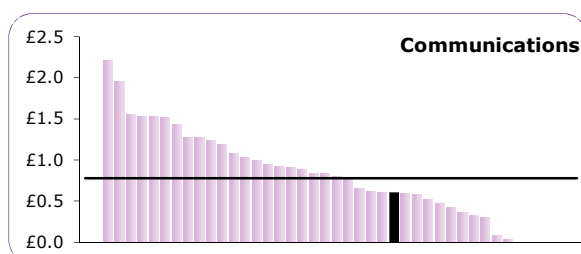
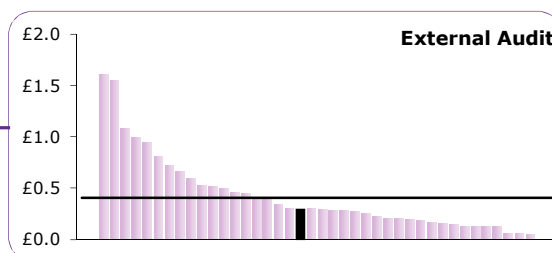
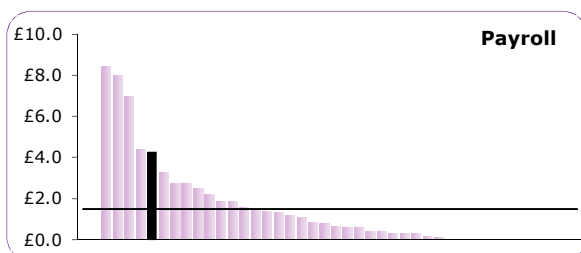
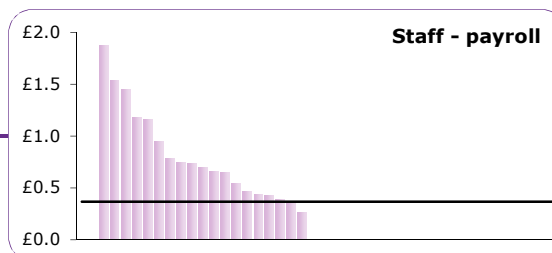
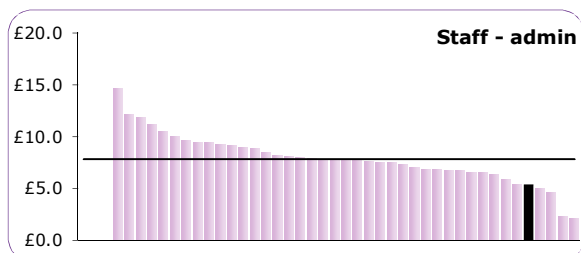
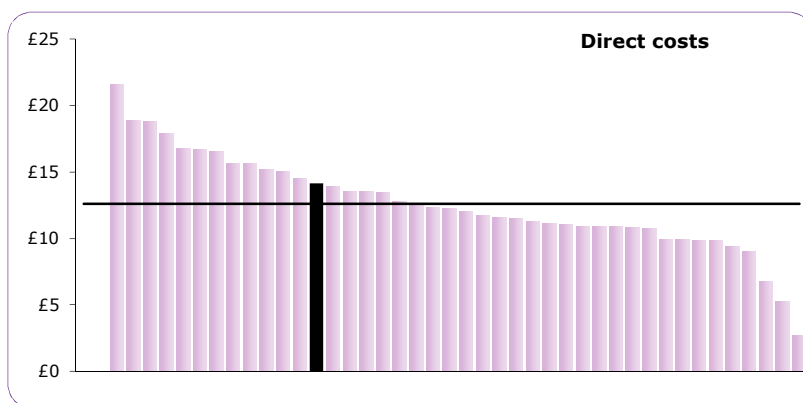
COST PER MEMBER 2014-15



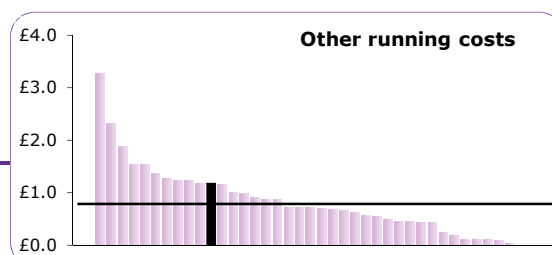
Admin of LGPS costs		£ per member	Avg
	£'000		
Total Direct Costs	1,034	14.10	12.59
Outsourcing costs	-	na	19.78
Total Indirect Costs	392	5.34	5.38
Total Income	-	-	(0.23)
Net Cost	1,426	19.44	19.17

Total Scheme Membership	73,354
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COSTS PER MEMBER - Direct costs 2014/15

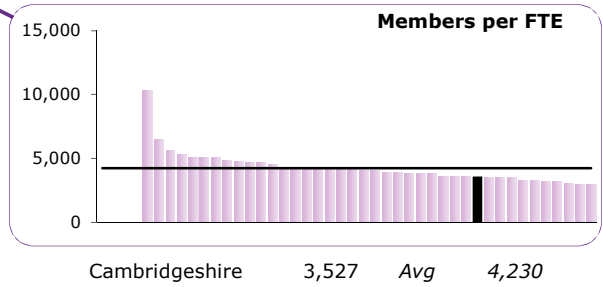
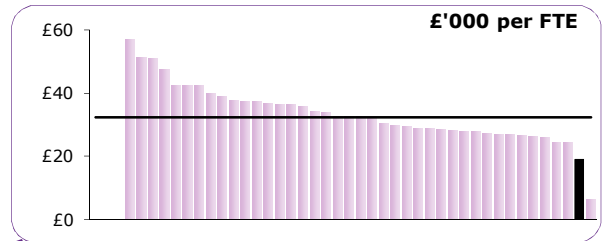
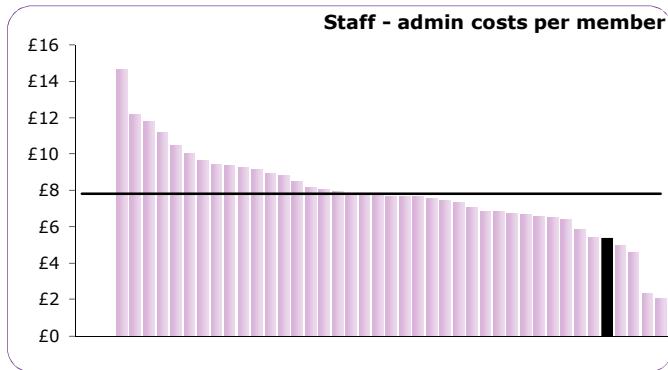


Direct costs	£'000	£ per member	Avg
Staff - admin	394	5.37	7.83
Staff - payroll	-	-	0.36
Payroll	312	4.25	1.49
External audit	22	0.30	0.41
Communications	44	0.60	0.78
Actuaries	176	2.40	1.14
Other running costs	86	1.17	0.78
Total	1,034	14.10	12.59

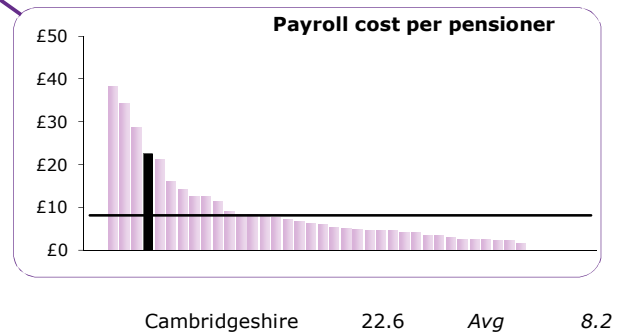
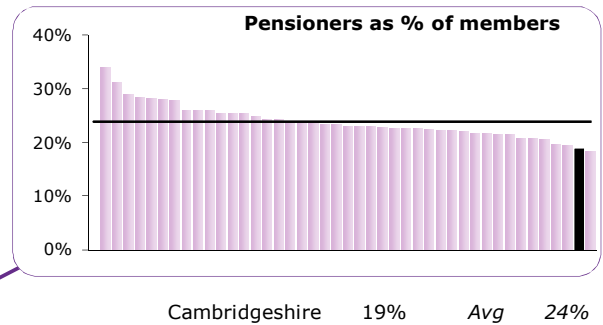
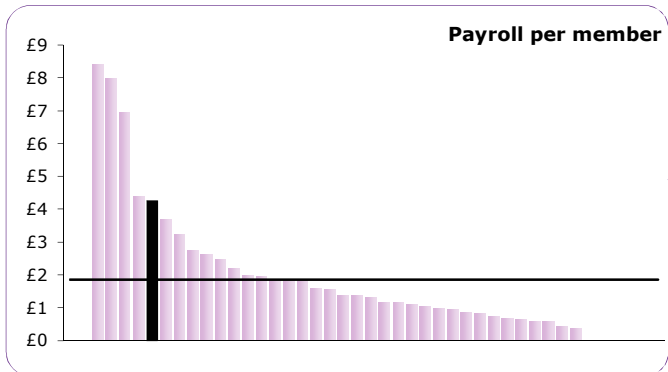


DIRECT COSTS PER MEMBER - Staff and Payroll costs 2014/15

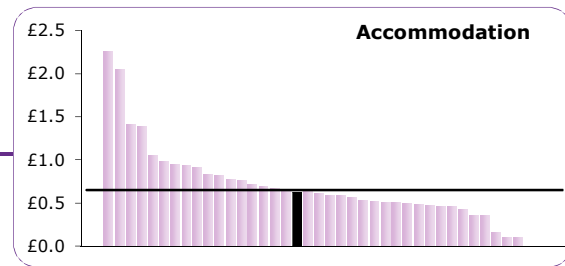
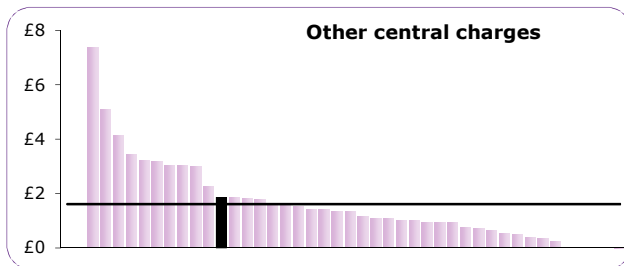
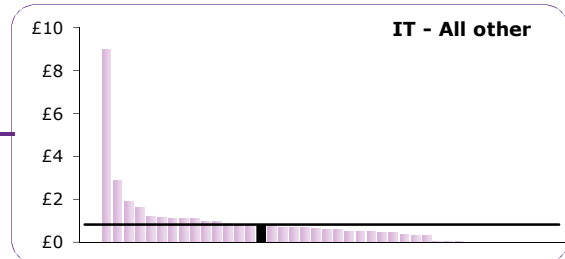
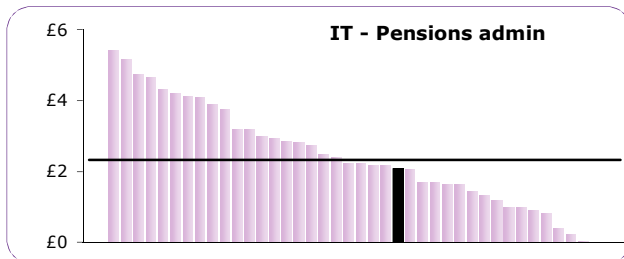
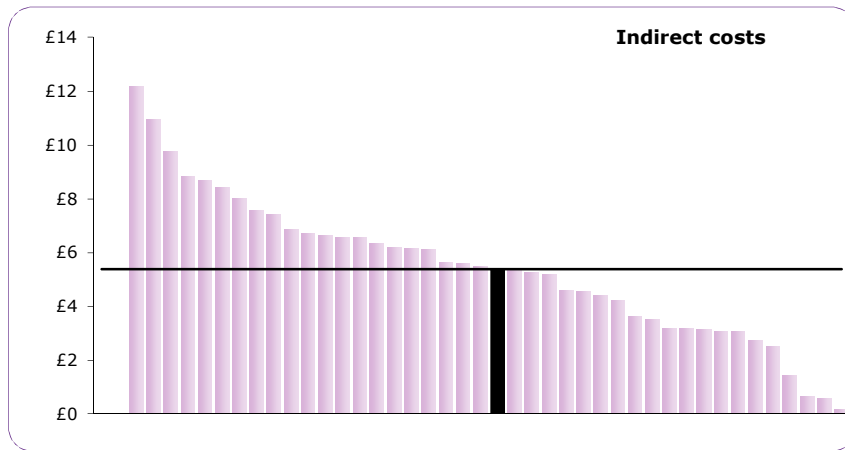
	£'000	£ per member	Avg
Staff - admin	394	5.37	7.83



	£'000	£ per member	Avg
Payroll (combined)	312	4.25	1.85

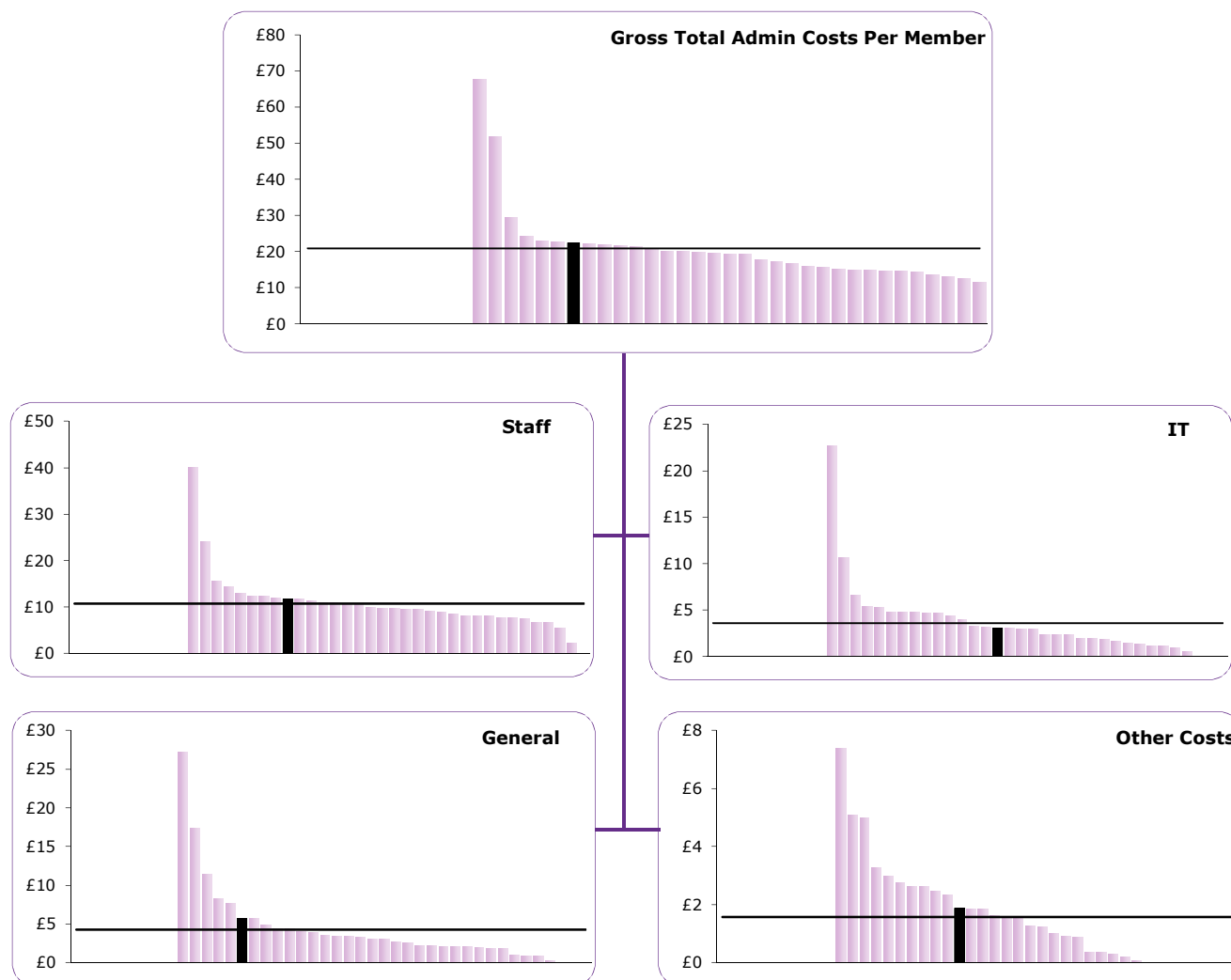


COSTS PER MEMBER - Indirect costs 2014/15



Indirect costs	£'000	£ per member	Avg
IT - Pensions admin	153	2.09	2.32
IT - All other	56	0.76	0.81
Accommodation	46	0.63	0.65
Other central charges	137	1.87	1.60
Total	392	5.34	5.38

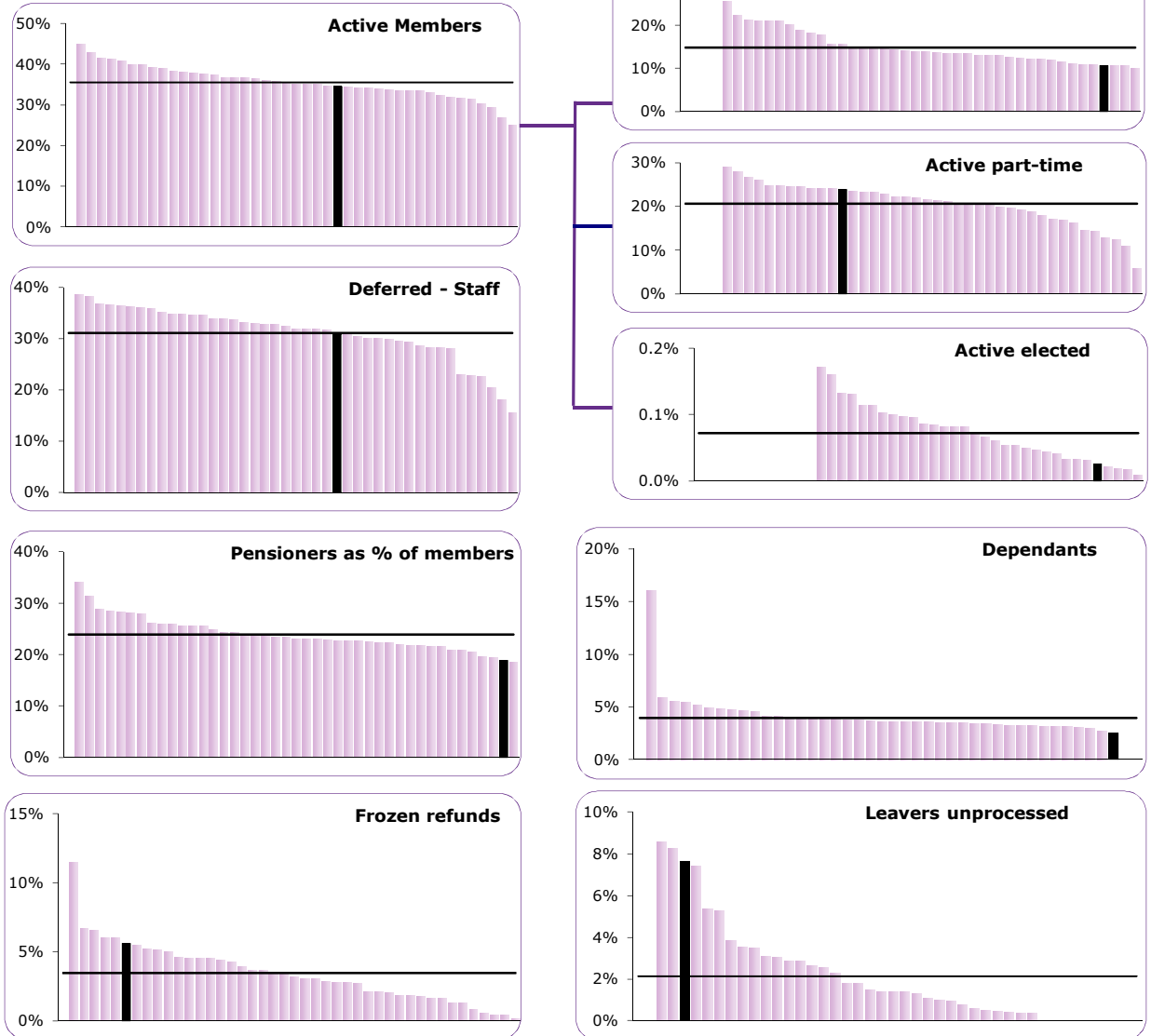
COSTS PER MEMBER - LGPS Administration Expenses Analysis 2014/15



LGPS Administration Expenses		£ per member	Avg
	£'000		
Staff Costs	857	11.68	10.71
IT Costs	225	3.07	3.59
General Costs	418	5.70	4.25
Other Costs	137	1.87	1.57
Gross LGPS Admin Exp.	1,637	22.32	20.84
Gross LGPS Income	-	-	0.44
Net LGPS Admin Exp.	1,637	22.32	23.87

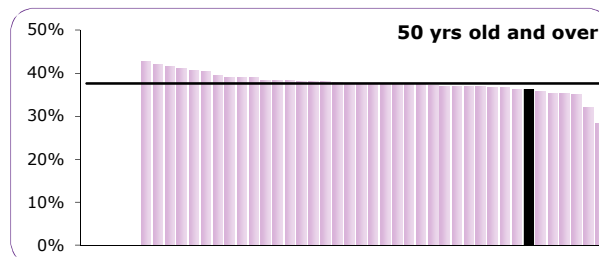
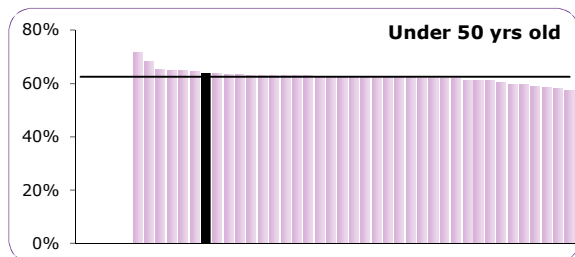
SECTION 3 - WORKLOAD MEASURES

COMPOSITION OF MEMBERS AS AT 31/3/2015



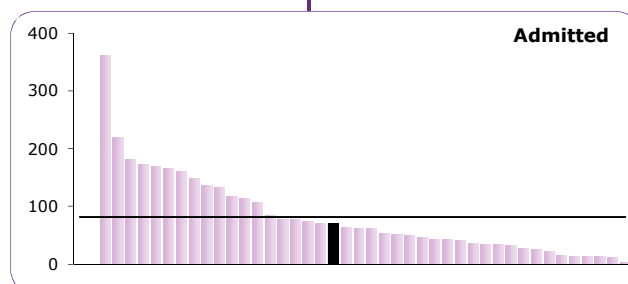
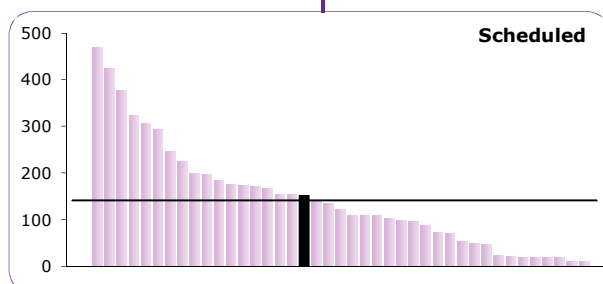
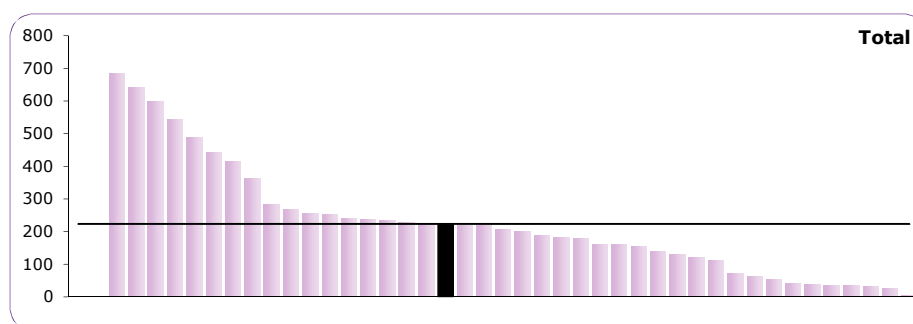
Composition of members				
	No.	%	Avg	Avg %
Active:				
- full-time	7,797	11%	15,569	14.8%
- part-time	17,529	24%	17,862	20.7%
- no. of elected Members	19	0.03%	52	0.07%
- sub-total	25,345	35%	33,067	35.5%
Deferred:				
- Staff	22,637	31%	27,618	31.1%
- Elected Members	6	0.0%	21	0.0%
Pensioners	13,800	19%	22,128	23.9%
Dependants	1,850	2.5%	3,629	3.9%
Frozen refunds	4,106	5.6%	2,848	3.4%
Leavers unprocessed	5,610	7.6%	1,805	2.1%
Total	73,354		91,115	

COMPOSITION OF MEMBERS AS AT 31/03/2015



Composition of active members			
	No.	%	Avg
Under 50 yrs old	16,182	64%	62%
50 yrs old and over	9,163	36%	38%

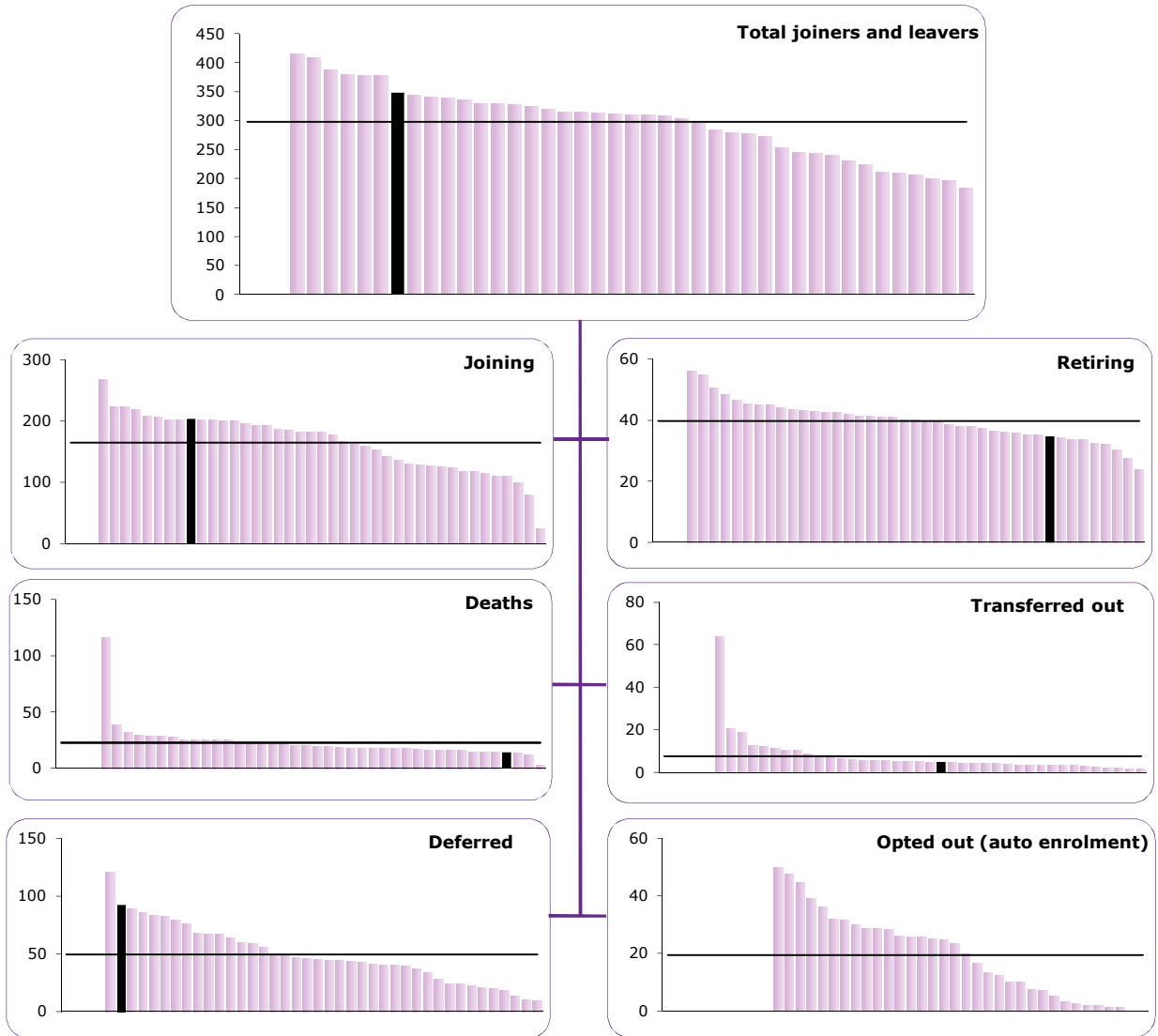
NUMBER OF LGPS EMPLOYERS AS AT 31/03/2015



LGPS employers (31/3/15)						
	No.	Avg	of which:	No.	%	Avg
Scheduled	152	141	Local Authorities	9	6%	9%
Admitted	70	82	Transferee	70	100%	46%
Total	222	223				

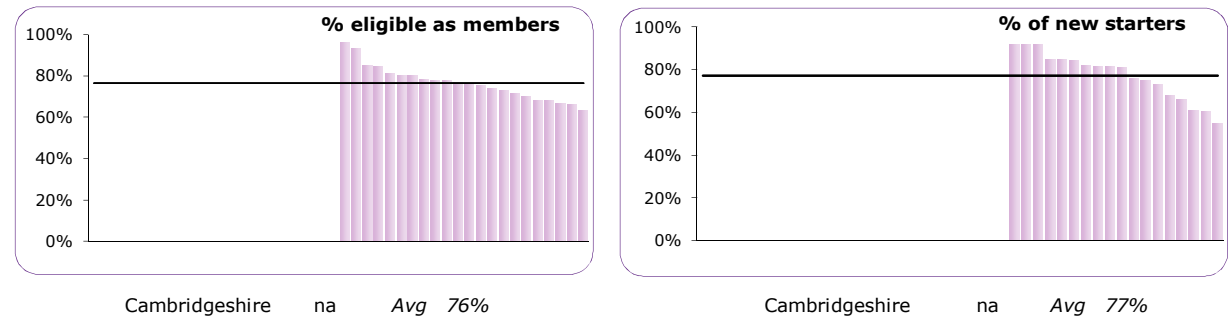
Employer changes 2014/15						
	Applied		Admitted		Leaving	
	No.	Avg	No.	Avg	No.	Avg
Scheduled	-	17	54	20	31	3
Admitted	-	9	2	9	-	4

JOINERS & LEAVERS (per '000 active members)

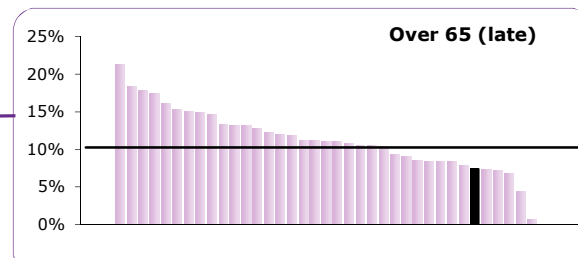
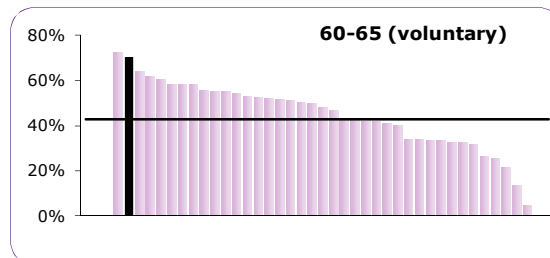
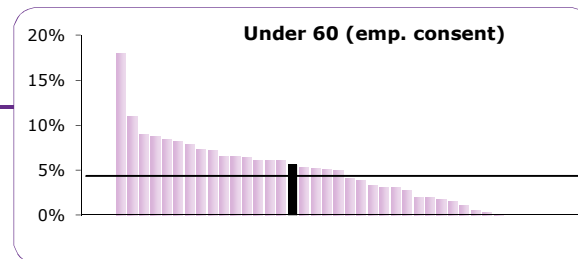
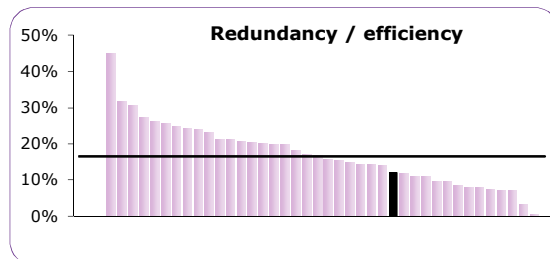
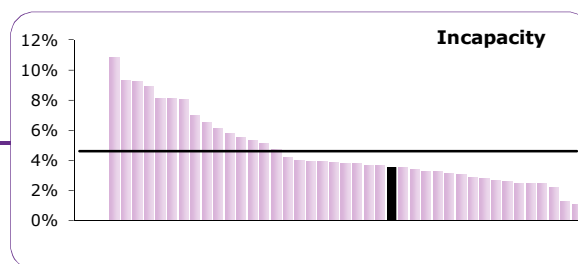
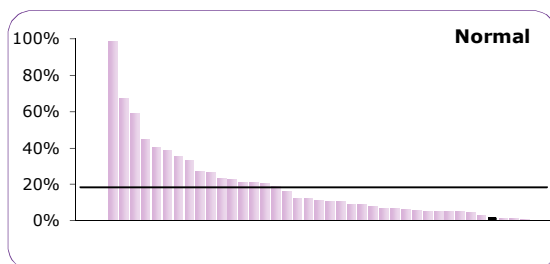
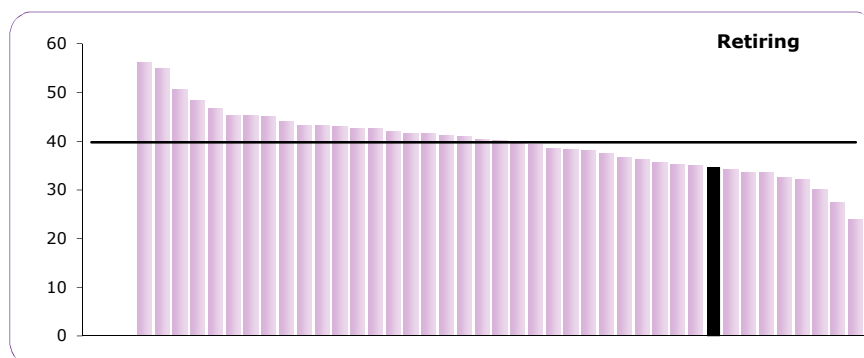


Joiners & leavers (per '000 active members)			
	No.	'000	Avg
Joining	5,125	202	164
Retiring	878	35	40
Deaths	351	14	23
Transferred out	118	5	8
Deferred	2,336	92	50
Opted out	-	-	19
Total	8,808	348	298

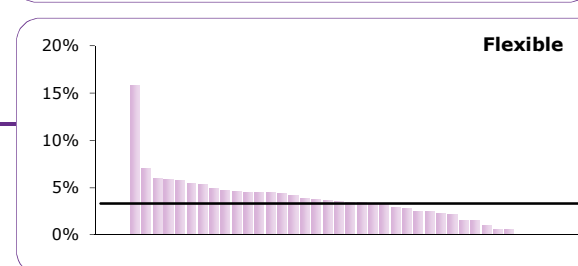
LGPS members as % eligible employees



RETIRING (per '000 active members)



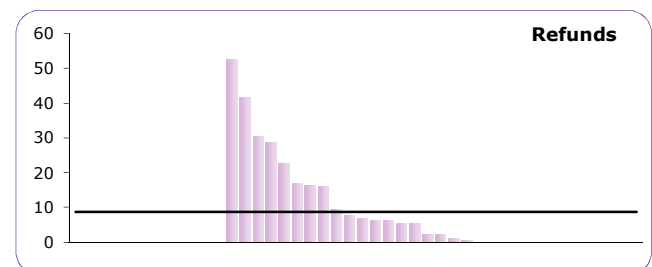
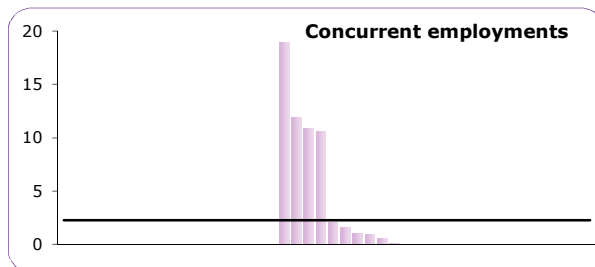
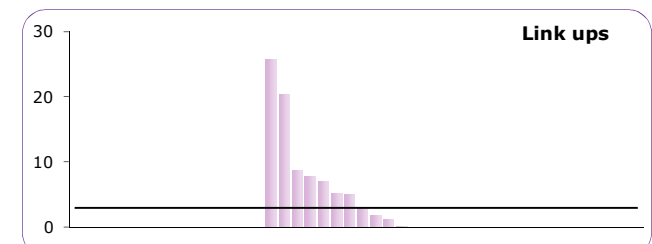
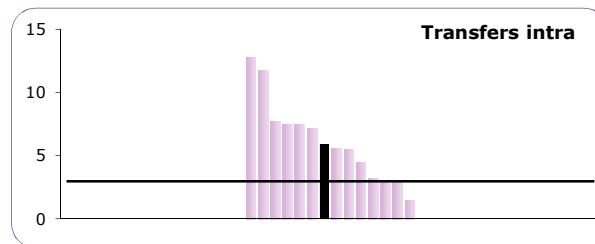
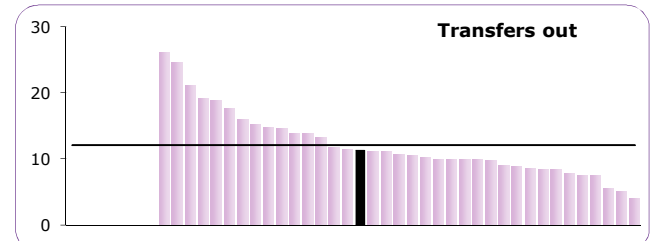
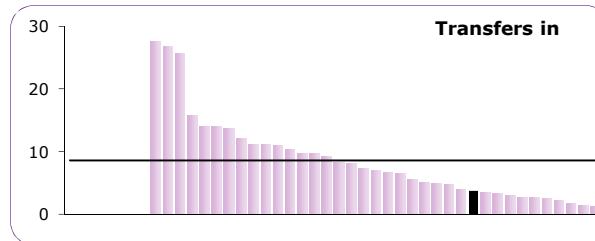
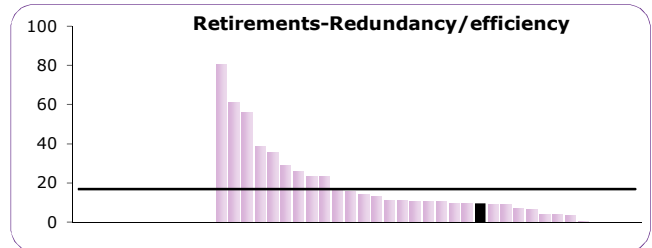
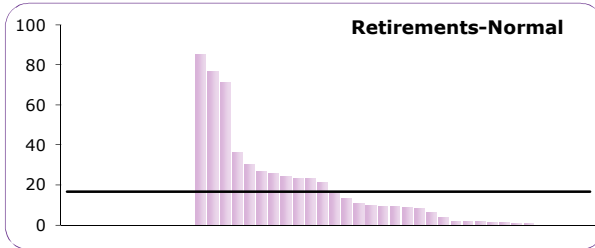
Retirements	No.	%	Avg
Normal	12	1%	18%
Incapacity/ill-health	31	4%	5%
Redundancy/efficiency	105	12%	17%
Under 60 (emp. consent)	49	6%	4.4%
60-65 (voluntary)	616	70%	43%
Over 65 (late)	65	7%	10%
Flexible	-	0.0%	3.3%
Total	878		



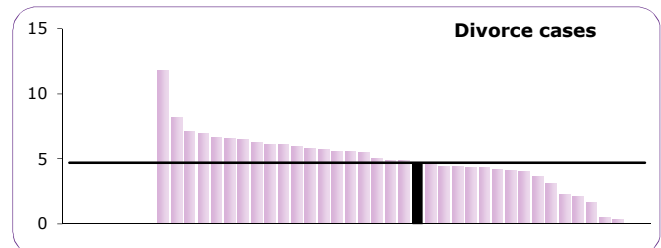
Retiring (per '000 active members)			
	No.	'000	Avg
Retiring	878	35	40

Active members	
	25,345

NUMBER OF QUOTATIONS PROVIDED (per '000 active members)

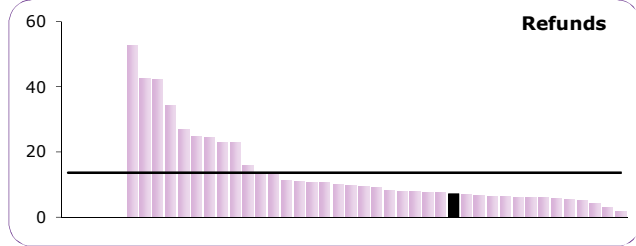
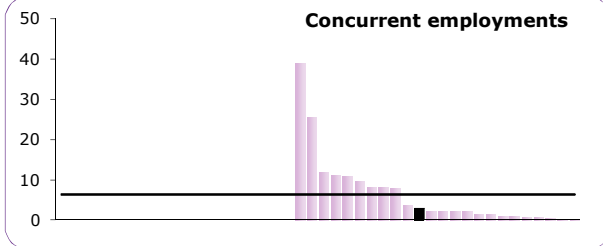
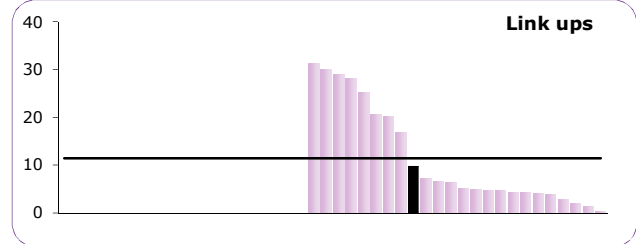
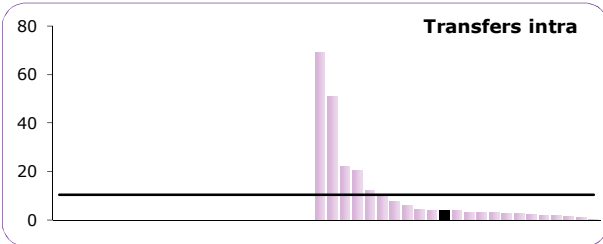
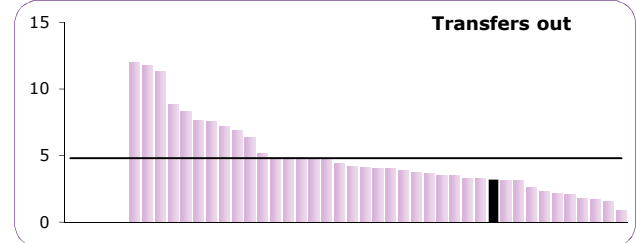
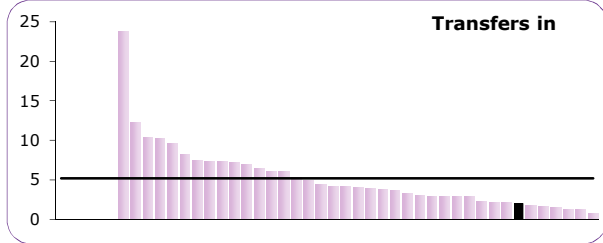
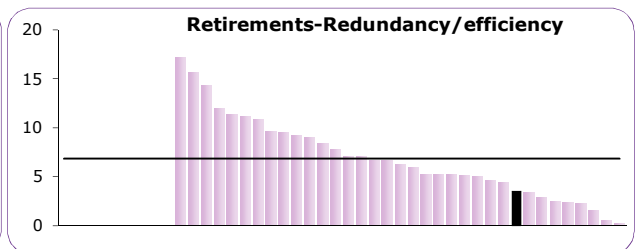
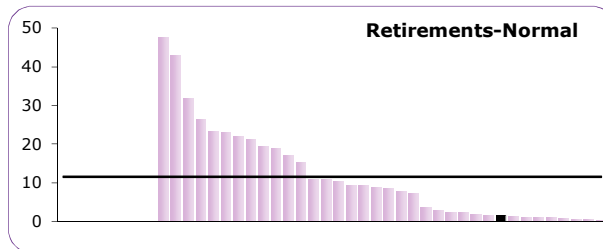


Active members: 25,345			
Quotations provided	No.	'000	Avg
TUPE -in	..	na	0
TUPE -out	..	na	0
Retirements:			
- Normal	..	na	17
- Incapacity/ill-health	33	1	2
- Redundancy/efficiency	239	9	17
- Flexible	42	2	1
- All other	810	32	22
Transfers in	93	4	9
Transfers out	286	11	12
Transfers intra	149	6	3
Link ups	..	na	3
Concurrent employments	..	na	2
Refunds	..	na	9
Divorce cases	119	5	5
Deaths in service	..	na	0
Deaths of pensioners	..	na	4

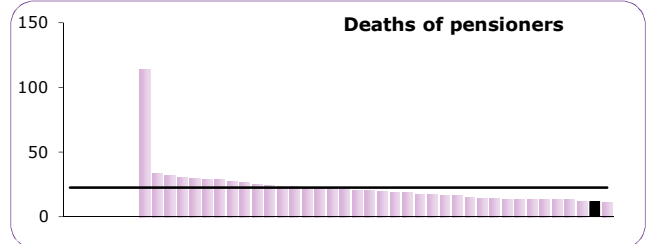
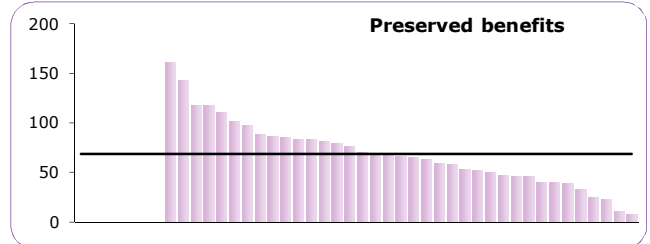
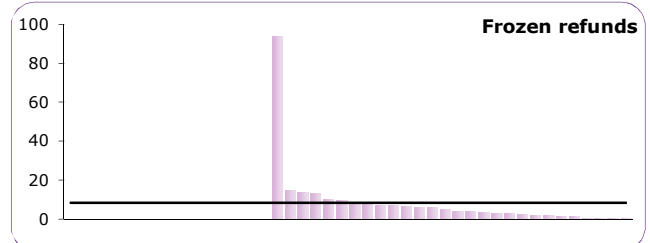


No of bulk transfers	No.	'000	Avg
TUPE -in	..	na	5
TUPE -out	..	na	4

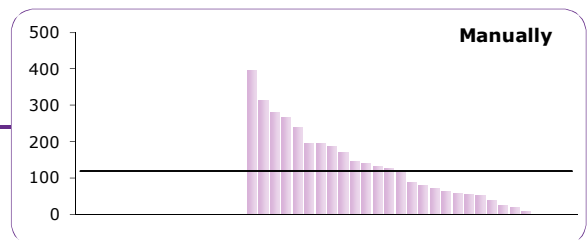
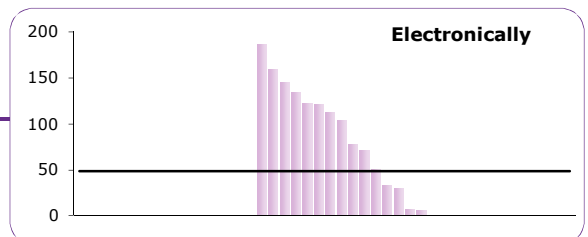
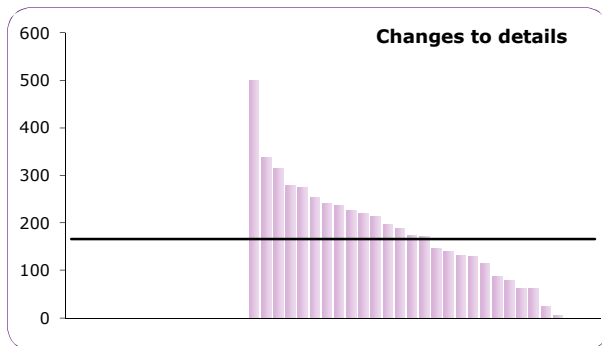
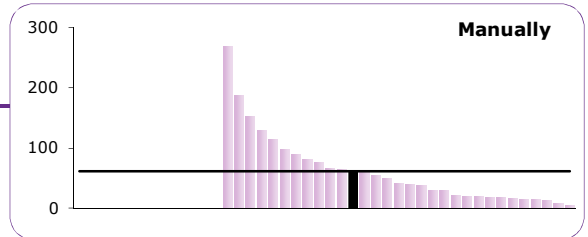
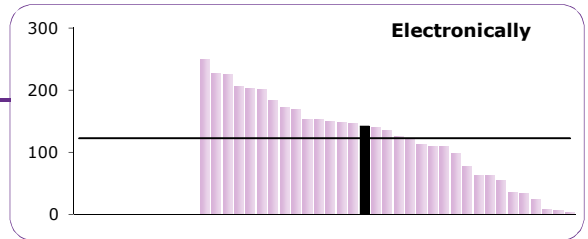
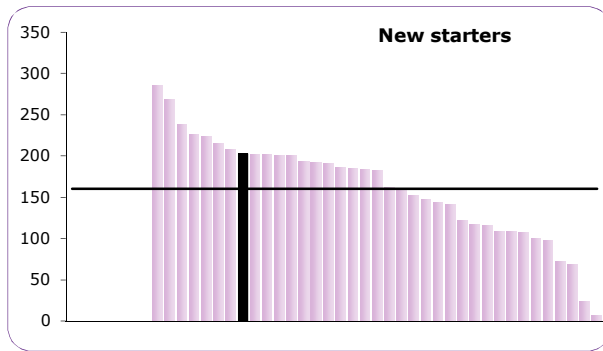
NUMBER OF ACTUAL EVENTS (per '000 active members)



Active members:	25,345		
Actual events	No.	'000	Avg
TUPE -in	..	na	19
TUPE -out	..	na	17
Retirements:			
- Normal	41	2	12
- Incapacity/ill-health	26	1	2
- Redundancy/efficiency	89	4	7
- Flexible	24	0.9	1
- All other	344	14	18
Transfers in	51	2	5
Transfers out	81	3	5
Transfers intra	99	4	10
Link ups	248	10	11
Concurrent employments	76	3	6
Refunds	182	7	14
Frozen refunds	..	na	8
Preserved benefits	..	na	69
Divorce cases	14	1	1
Deaths in service	24	0.9	1
Death of pensioners	298	12	23
Single Status / Job Evaluation	..	na	na



ACTUAL CALCULATIONS (per '000 active members)

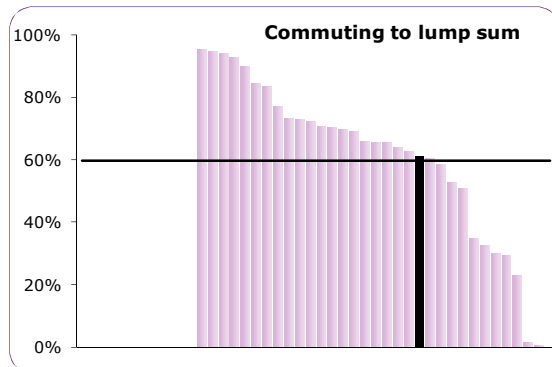


RETIREMENTS

Active members

25,345

Retirements commuting to lump sum



Actual calculations

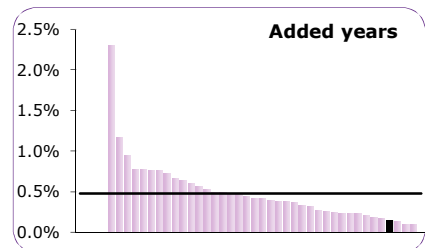
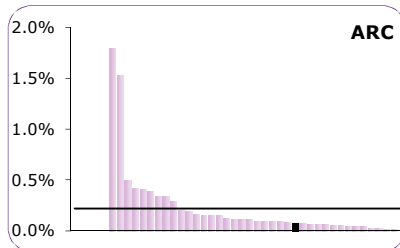
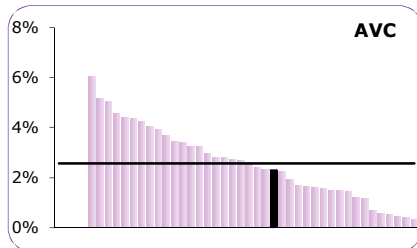
	No.	'000	Avg
New starters	5,128	202	160
- electronically	3,588	142	122
- manually	1,540	61	61
Changes to details	-	0	166
- electronically	-	0	48
- manually	-	0	119

Retirements commuting lump sum

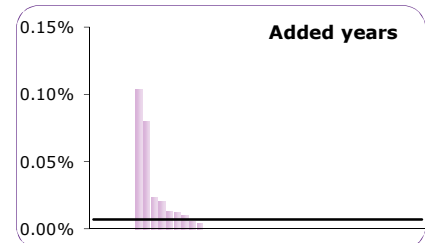
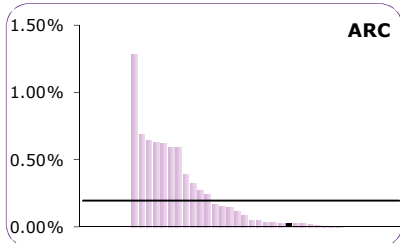
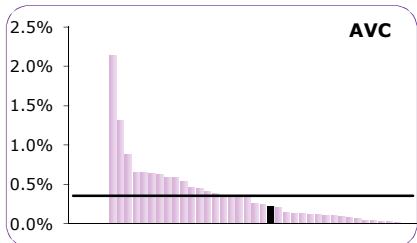
Number	% total	Avg
535	61%	60%

AVCs, ARCs and Added years

% Currently contributing



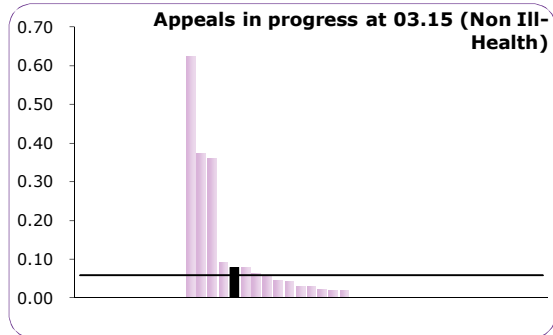
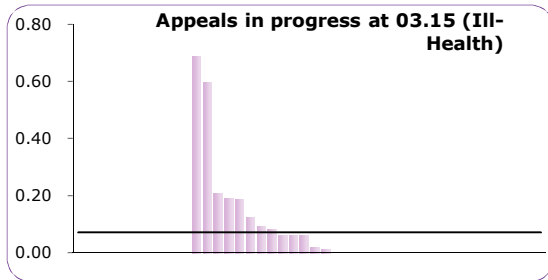
% New contributors this year



Contributors to AVCs and ARCS			
	No.	%	Avg
Currently contributing			
- AVC	587	2.32%	2.57%
- ARC	20	0.08%	0.22%
- Added years	37	0.15%	0.48%
Total	644	2.54%	2.97%
New contributors this year			
- AVC	56	0.22%	0.36%
- ARC	7	0.03%	0.20%
- Added years	..	na	0.01%
Total	63	0.25%	0.49%

Active members
25,345

APPEALS

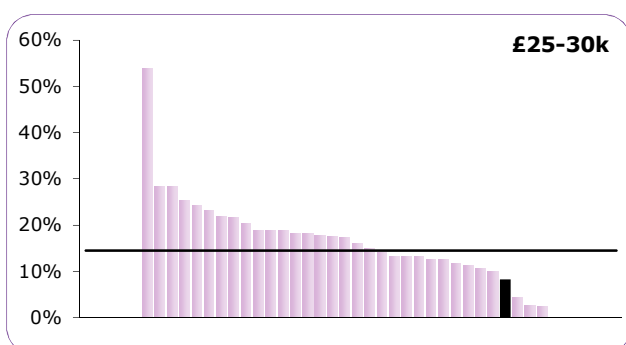
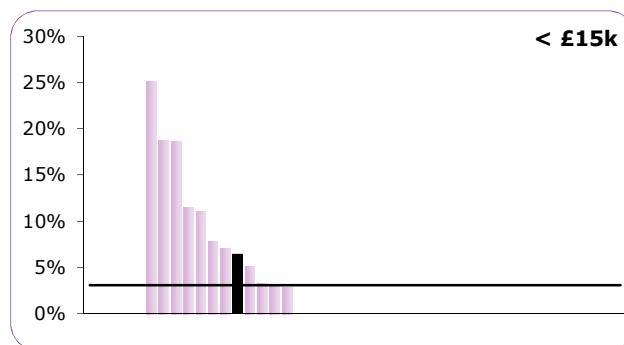
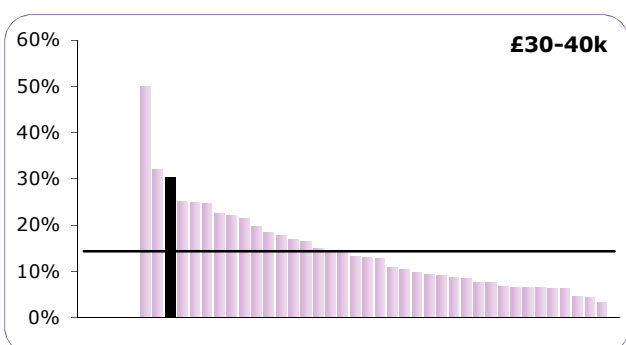
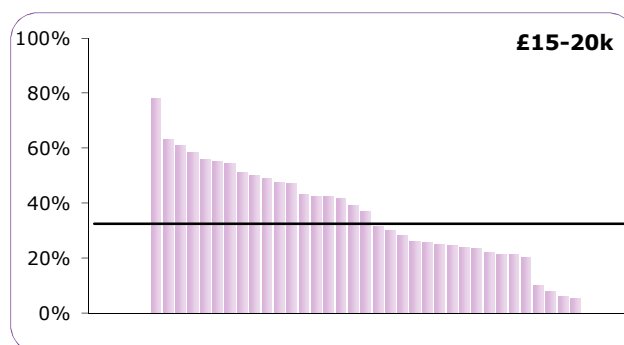
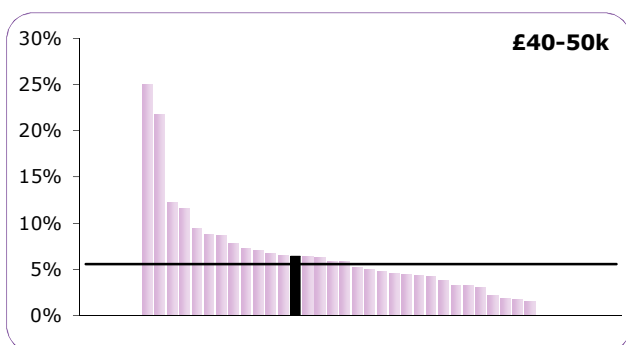
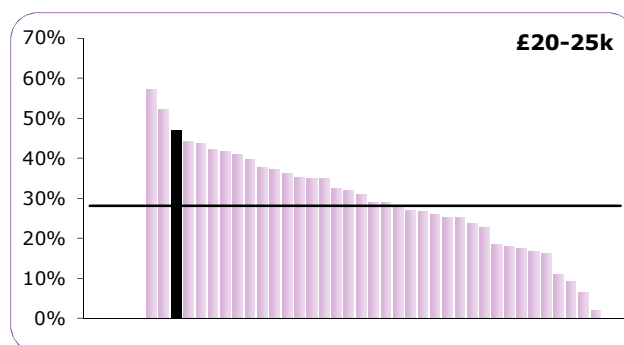
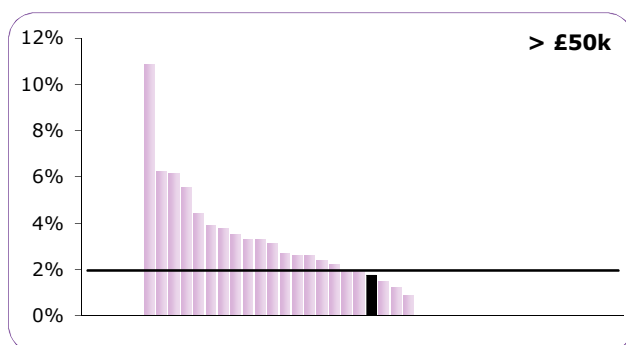


*Club total: This shows the total for all the Benchmarking Club members 2015

Number of appeals	No.	Per '000 members	Avg	Club* total
Ill-Health				
In progress at start of year	1	0.04	0.04	22
In progress at end of year	0	0.00	0.07	30
Non Ill-Health				
In progress at start of year	2	0.08	0.03	29
In progress at end of year	2	0.08	0.06	37
1st Stage				
Appeals in Progress - 03.14	0	0.00	0.04	25
New Appeals in Year	1	0.04	0.12	104
Appeals Withdrawn	0	0.00	0.00	3
Appeals Upheld	0	0.00	0.04	26
Appeals Not Upheld	1	0.04	0.06	68
Appeals in Progress - 03.15	0	0.00	0.05	33
2nd Stage				
Appeals in Progress - 03.14	2	0.08	0.01	14
New Appeals in Year	0	0.00	0.00	30
Appeals Withdrawn	0	0.00	0.00	-
Appeals Upheld	1	0.04	0.01	8
Appeals Not Upheld	1	0.04	0.02	34
Appeals in Progress - 03.15	0	0.00	0.01	(1)
Ombudsman Referrals				
Appeals in Progress - 03.14	1	0.04	0.01	8
New Appeals in Year	0	0.00	0.01	10
Appeals Withdrawn	0	0.00	0.00	-
Appeals Upheld	0	0.00	0.00	1
Appeals Not Upheld	1	0.04	0.01	10
Appeals in Progress - 03.15	0	0.00	0.00	6

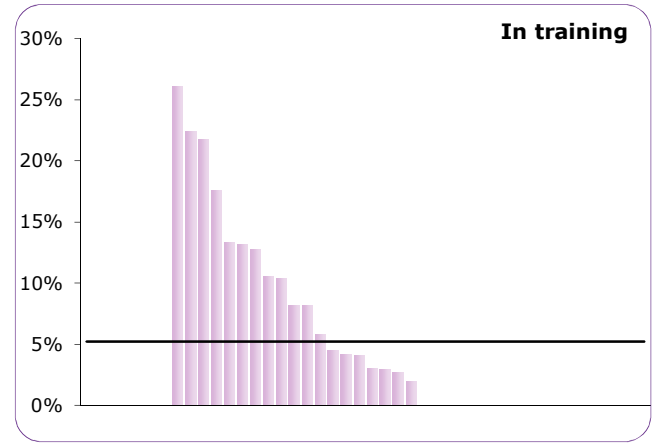
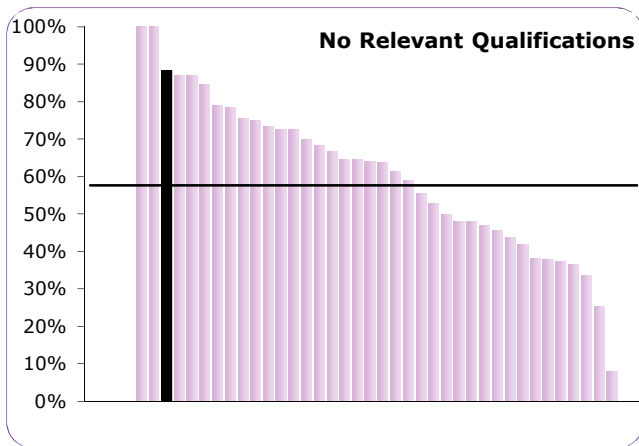
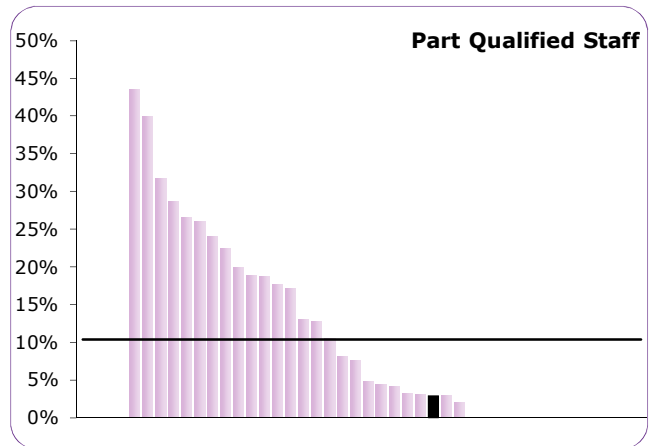
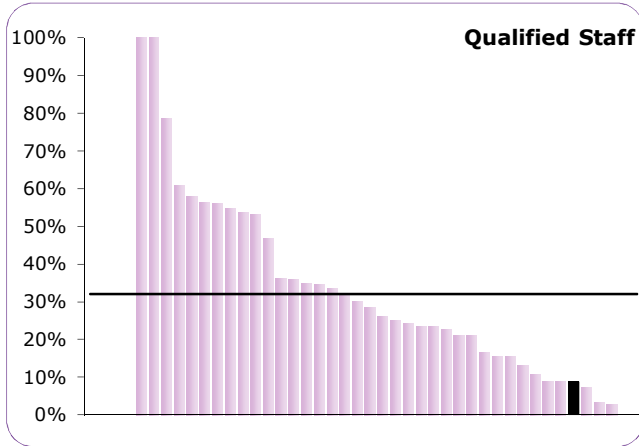
SECTION 4 - STAFF RELATED MEASURES

STAFF PAY



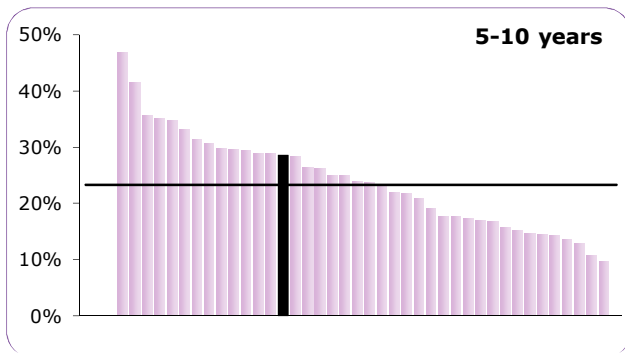
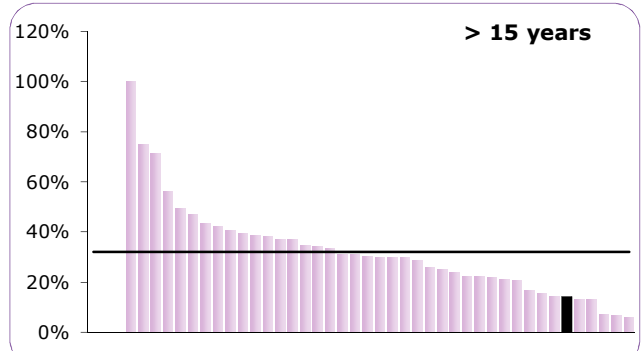
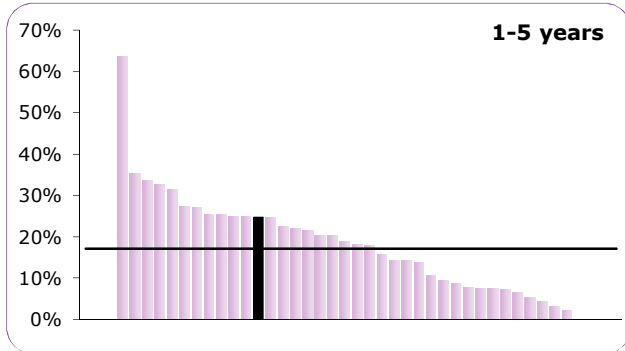
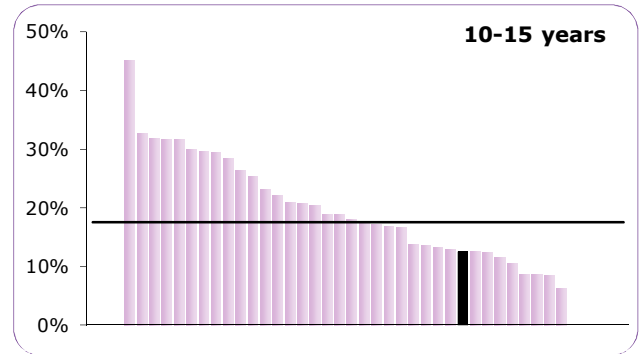
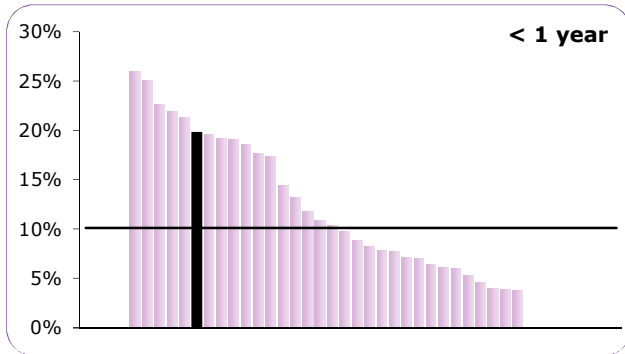
Staff pay			
	FTE	%	Avg
> £50k	0.6	2%	2%
£40-50k	2.2	6%	6%
£30-40k	10.4	30%	14%
£25-30k	2.8	8%	14%
£20-25k	16.1	47%	28%
£15-20k	0.0	0%	33%
< £15k	2.2	6%	3%
Total	34.3		

STAFF QUALIFICATIONS



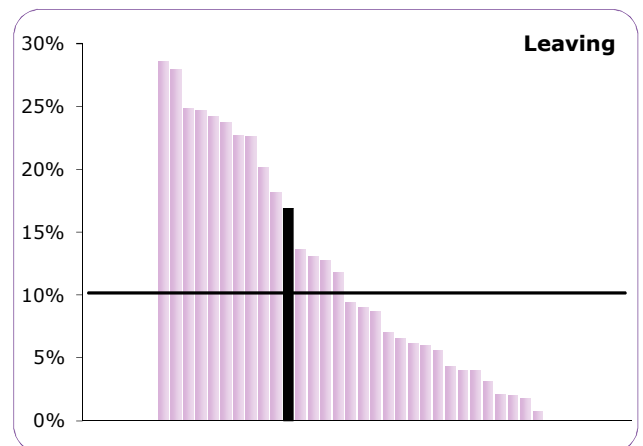
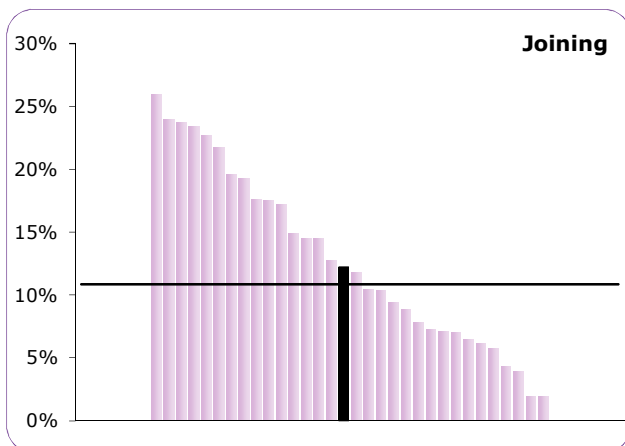
Staff qualifications			
	FTE	%	Avg
Qualified Staff	3.0	9%	32%
Part Qualified Staff	1.0	3%	10%
No Relevant Qualifications	30.3	88%	58%
Total	34.3		
Number in Training	na	na	5%

STAFF PENSIONS EXPERIENCE



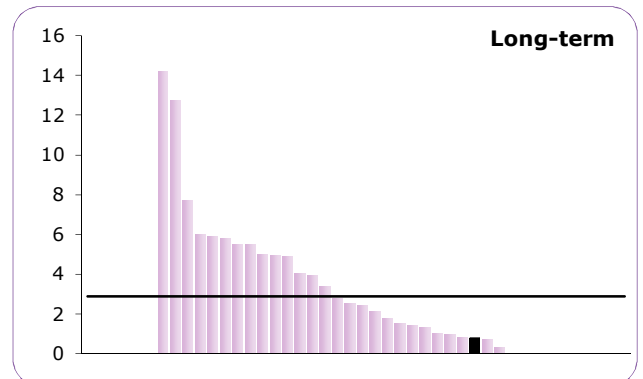
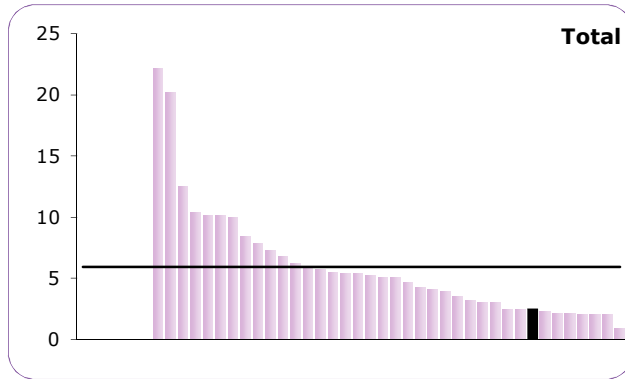
Staff experience			
	FTE	%	Avg
< 1 year	6.8	20%	10%
1-5 years	8.5	25%	17%
5-10 years	9.8	29%	23%
10-15 years	4.3	13%	18%
> 15 years	4.9	14%	32%
Total	34.3		

STAFF TURNOVER



Staff Turnover	FTE	% change	Avg
Staff at 1/4/2013	35.9		
+ Staff joining Pension section	4.2	12.2%	10.8%
- Staff leaving Pension section	5.8	16.9%	10.2%
Staff at 31/3/2014	34.3	-4.5%	0.9%

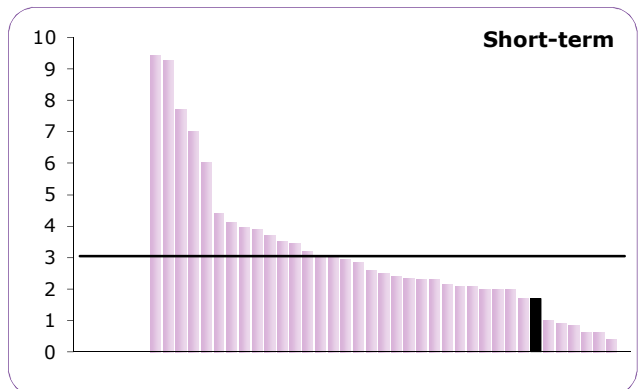
SICKNESS ABSENCE



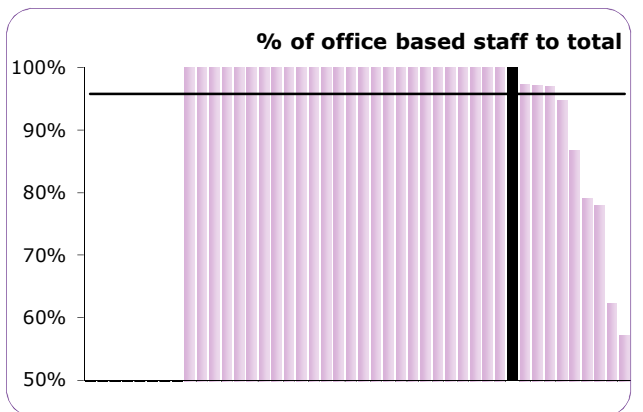
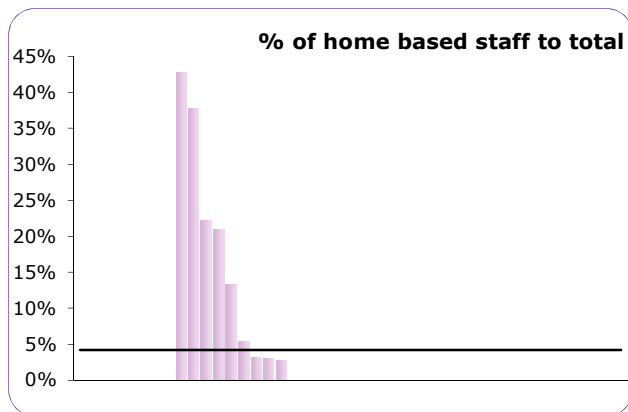
Sickness absence	Days/FTE	Avg
Long-term sickness	0.8	2.9
Short-term sickness	1.7	3.1
Total	2.5	5.9

Long-term sick (periods of sickness over 20 working days)

Short-term sick (periods of sickness of 20 days or less)



STAFF LOCATION

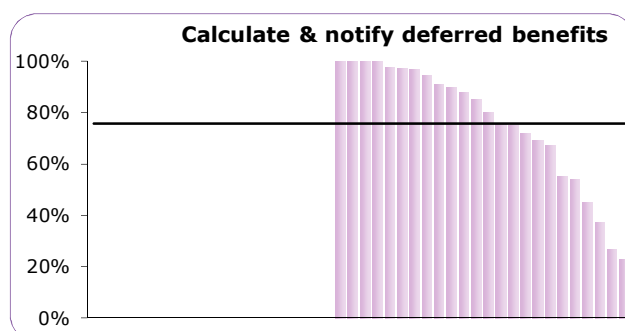
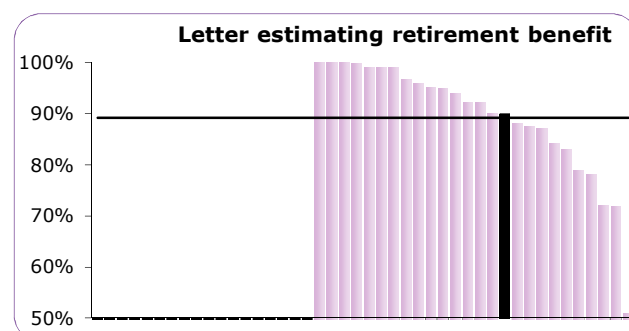
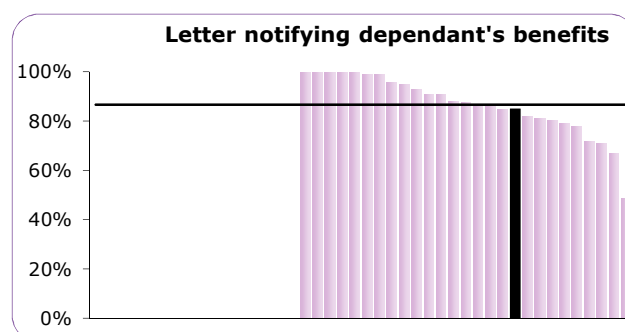
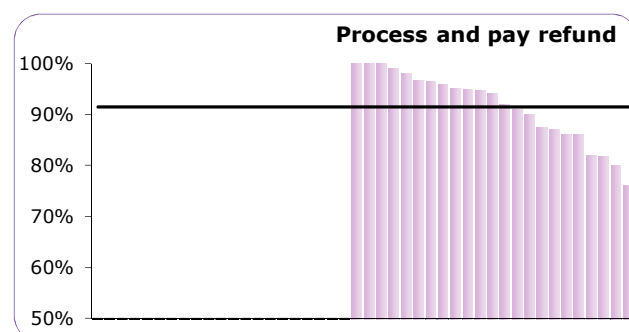
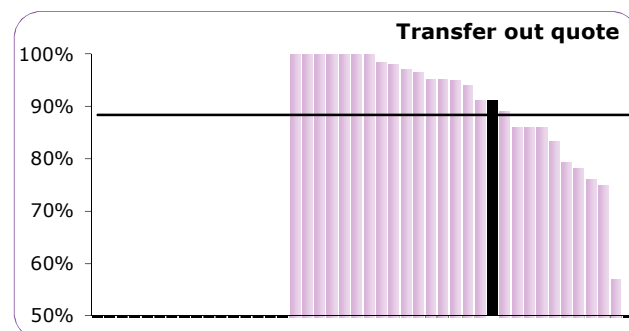
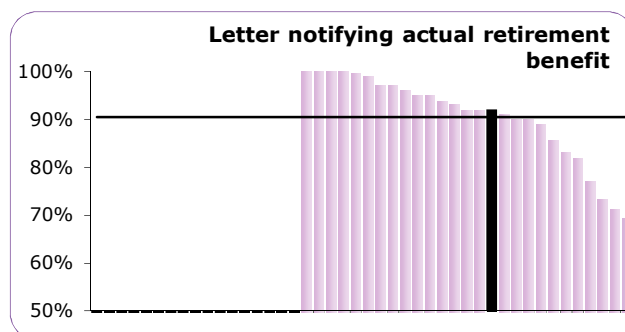
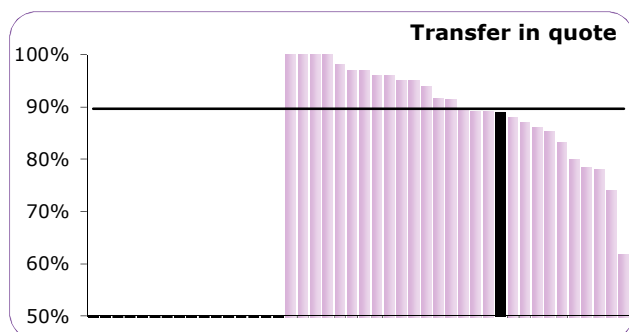


Staff location	FTE	% to total		
		Avg	FTE	Avg
Home based	0.0	0.9	0%	4%
Office based	34.3	32.5	100%	96%
Total	34.3			

Office Based: Staff members who spend >50% of their contracted time working in the office

Home Based: Staff members who spend 50% of their contracted time working from home.

SECTION 5 - INDUSTRY STANDARD PI's



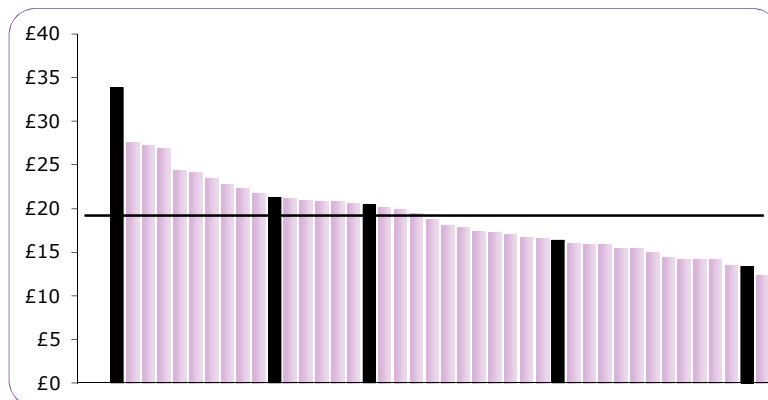
Industry Standard PI's	Target	Achieved	Avg
Letter detailing transfer in quote	10 days	89.0%	89.6%
Letter detailing transfer out quote	10 days	91.0%	88.3%
Process and pay refund	5 days	na	91.5%
Letter notifying estimate of retirement benefit	10 days	90.0%	89.2%
Letter notifying actual retirement benefit	5 days	92.0%	90.5%
Process and pay lump sum retirement grant	5 days	92.0%	92.2%
Letter acknowledging death of member	5 days	99.0%	94.1%
Letter notifying amount of dependant's benefits	5 days	85.0%	86.7%
Calculate and notify deferred benefits	10 days	na	75.8%

SECTION 6 - COMPARISON BY METHOD OF SERVICE DELIVERY

COMPARISON OF OUTSOURCED/IN-HOUSE MEMBERS

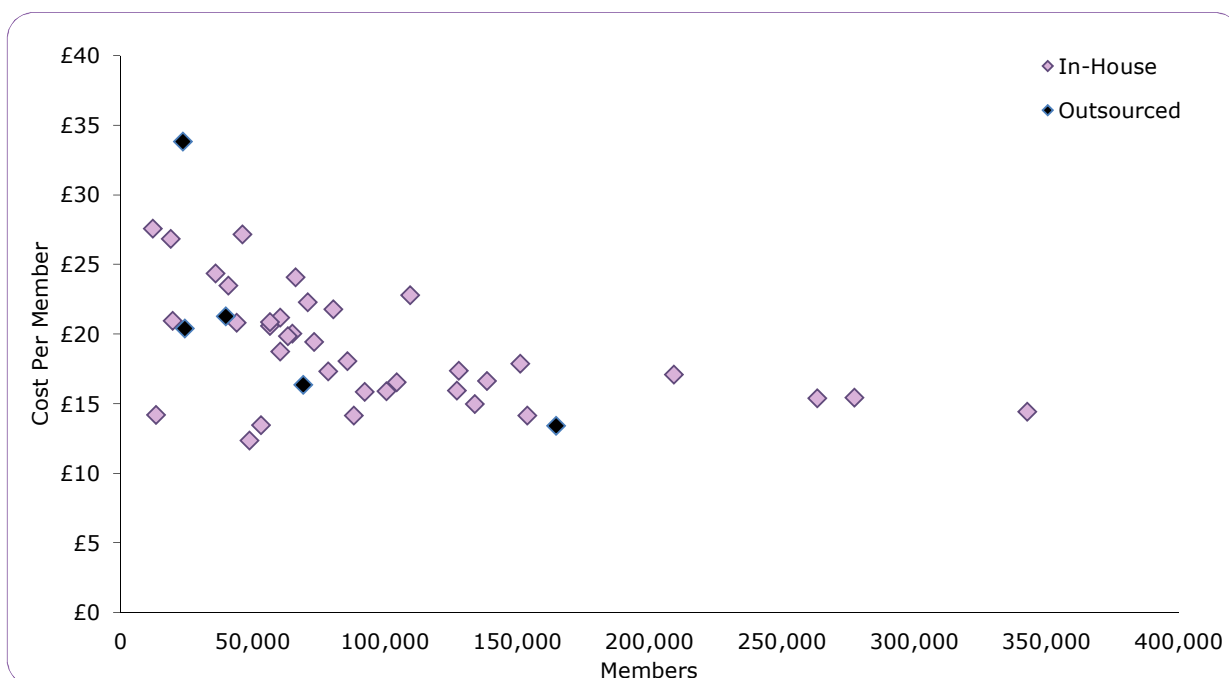
Total members with data:	45
Outsourced members:	5

LGPS ADMIN COST PER MEMBER (INCLUDING PAYROLL)



	Cost	Members	Cost per Member
Cambridgeshire	£1,426	73,354	£19.44
Club average	£1,592	91,074	£19.17
Outsourced average	£1,098	64,384	£21.06
In-house average	£1,657	94,586	£18.91

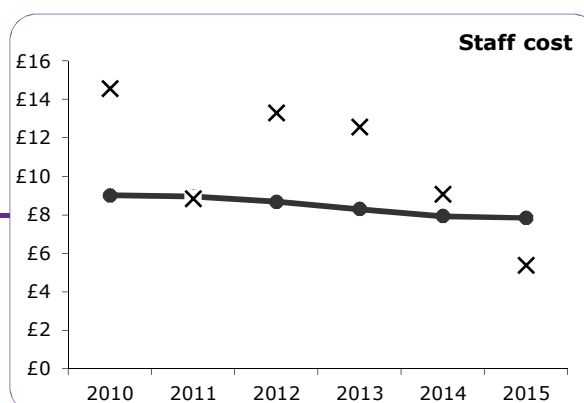
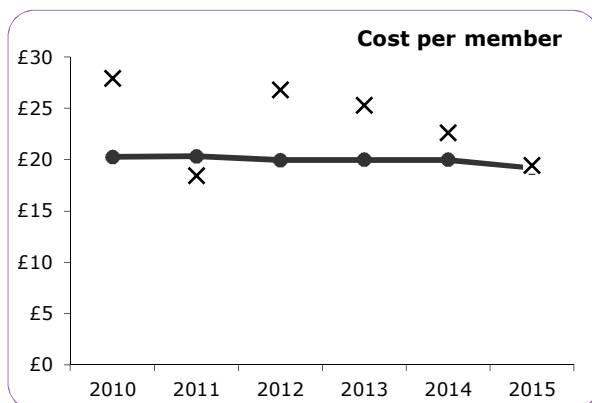
COST PER MEMBER COMPARED WITH NUMBER OF MEMBERS



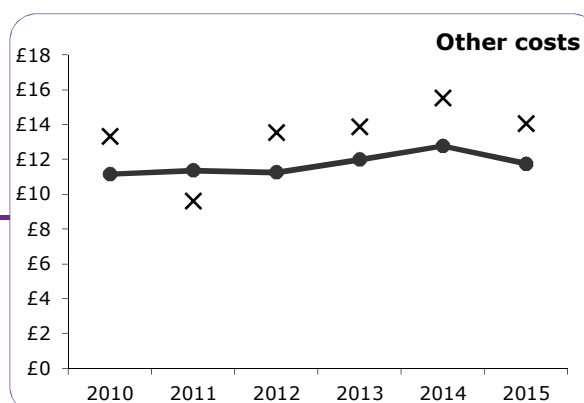
SECTION 7 - TIMESERIES

The 2014 averages are the actual club averages.

For previous years, the averages shown here are scaled up or down from the 2014 figure based on the average rate of change in each year. This is calculated using data from members who supplied figures in consecutive years, otherwise the simple average in each year would be distorted by changes in the composition of the club from year to year.



KEY:
 Club average
 Cambridgeshire



Time series analysis						
	2010	2011	2012	2013	2014	2015
Members	58,847	64,075	62,337	65,820	71,707	73,354
Net cost (£'000)	1,642k	1,183k	1,673k	1,664k	1,622k	1,426k
Cost per member	£27.90	£18.46	£26.84	£25.28	£22.62	£19.44
Average	£20.26	£20.33	£19.96	£19.97	£19.98	£19.17
Staff cost	£14.58	£8.85	£13.28	£12.56	£9.06	£5.37
Average	£9.02	£8.94	£8.68	£8.30	£7.93	£7.83
Other costs	£13.32	£9.61	£13.56	£13.87	£15.54	£14.07
Average	£11.14	£11.36	£11.25	£11.98	£12.76	£11.75

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CIPFA holds more data on local government performance than any other organisation in the world and our Corporate Services Benchmarking Clubs are the market leader in local government benchmarking, with high levels of participation and customer satisfaction. Our detailed reports, databases, and interactive tools provide you with solid evidence to support decisions on budget and improvement.

We also do...

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We also provide other Pensions related services through CIPFAstats and TISonline.

To learn more about other benchmarking clubs in areas such as Adult Social Care, Children's Services and Customer Contact, or to see our Value for Money indicator stream, please see our website:

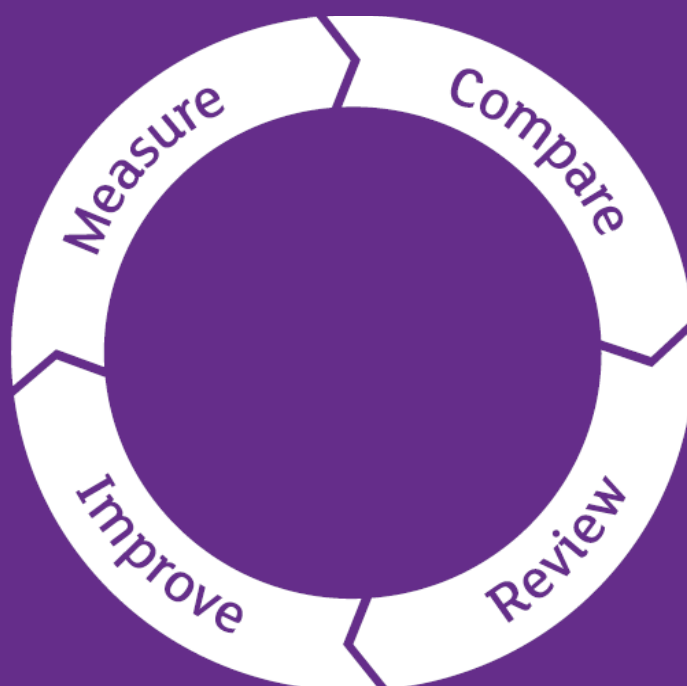
www.cipfa.org/services/benchmarking

Contact us

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www.cipfa.org/corporateservices

For more information about how CIPFA Benchmarking can help your organisation or to sign up today contact:
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**CAMBRIDGESHIRE
PENSION FUND**



Pensions Committee

Date: 17 December 2015

Report by: Head of Pensions

Subject:	Payment of Employee and Employer Pension Contributions Policy
Purpose of the Report	To present the Payment of Employee and Employer Pension Contributions Policy to the Pensions Committee.
Recommendations	The Committee are asked to approve the attached Payment of Employee and Employer Pension Contributions Policy provided in the appendix to this report.
Enquiries to:	Joanne Walton – LGSS Pensions Governance and Regulations Manager Tel: 01604 367030 E-mail: jwalton@northamptonshire.gov.uk

1. Background

- 1.1 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.
- 1.2 That Policy, entitled "Reporting Breaches of the Law to the Pensions Regulator" was discussed at the Pension Committee in October and approved with immediate effect.
- 1.3 In order to ensure that Scheme Employers are fully aware of their legal responsibilities with regards to the payment of employee and employer contributions to the Pension Fund a Payment of Employee and Employer Pension Contributions Policy has been drafted. This policy will ensure that both Scheme Employers and Officers of the Fund have a clear process for dealing with non compliance. The Policy will also provide further strength and evidence to the Pensions Regulator that as a Fund, all the relevant controls are in place.
- 1.4 The Payment of Employee and Employer Pension Contributions Policy is attached in **Appendix 1**.

2. Legal Requirements

- 2.1 Regulation 67 and 69 of The Local Government Pension Scheme Regulations 2013 states that payment of both employee and employer contributions along with a schedule as specified by the Administering Authority must be submitted by the 19th day of the month following deduction as per overriding legislation, Regulation 49 of the Pensions Act 1995
- 2.2 Regulation 5 of The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 provides that the Administering Authority keep accurate records of transactions which emphasises the requirement for employers to submit accurate and timely schedules along with their payments.
- 2.3 The Pensions Regulator also enforces the legal obligation of employers to pay over pension contributions and provide a schedule as detailed in the Pensions Regulator's Code of Practice (14): Governance and Administration of public service pension schemes.

3. Monitoring and Process

- 3.1 A late payment (including contributions expressed as a monetary amount, referred to usually as a cash deficit payment) is constituted by either late submission of payment schedule and/or late payment of contributions to the Fund. Both schedule and payment is due to the Fund by the 19th of the month following the month of deduction. As default, monetary deficit payments should be paid on a monthly basis. Any arrangement to pay in other frequencies must be approved by the Head of Pensions.
- 3.2 The Policy sets out the process that should be enforced by Officers in order to seek resolution and ensure that future payments are made on time through the consequences of persistent late payments.
- 3.3 If a Scheme Employer submits a schedule and/or payment late for 3 consecutive months or 3 months in a rolling 6 month period, the Fund will reserve the right to charge an Administration Fee as well as charge interest. The Policy is designed to make Scheme Employers aware of this.
- 3.4 The Policy also outlines to Scheme Employers that appropriate action will be taken against them in the event of persistent reoccurrence.

4. Relevant Pension Fund Objectives

Perspective	Outcome
Funding and Investment	<ul style="list-style-type: none"> • To ensure that the Fund is able to meet its liabilities for pensions and other benefits with the minimum, stable level of employer contributions. • To ensure that sufficient resources are available to meet all liabilities as they fall due. • To maximise the returns from its investments within reasonable risk parameters
Governance	<ul style="list-style-type: none"> • To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies. • Ensure the Fund and its stakeholders have the appropriate skills and receive training to ensure those skills are maintained in a changing environment.
Communications	<ul style="list-style-type: none"> • Promote the Scheme as a valuable benefit. • Deliver a clear and consistent message; that is simple, relevant and impactful, uses plain English throughout and engages all levels of stakeholders' understanding. • Provide clear information about the Scheme, including changes to the Scheme, and educate and engage with members so that they can make informed decisions about their benefits. • Seek and review regular feedback from all stakeholders about communication and shape future communications appropriately. • Look for efficiencies in delivering communications including through greater use of technology and partnership working.

Perspective	Outcome
Administration	<ul style="list-style-type: none"> • Provide a high quality, friendly and informative administration service to the Funds' stakeholders. • Administer the Funds in a cost effective and efficient manner utilising technology. • Ensure the Funds and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Funds. • Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary. • Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount. • Maintain accurate records and ensure data is protected and has authorised use only. • Understand the issues affecting scheme employers and the LGPS in the local and national context and adapt strategy and practice in response to this.

5. Finance & Resources Implications

5.1 Resources will need to be prioritised if a breach occurs to ensure compliance with the Policy.

6. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with approving and enforcing the Policy as it demonstrates engagement with Scheme Employers of consequences of late payments and the process for liaising for a satisfactory resolution.		Green

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

Risk	Risk Rating
If the policy is not enforced the likelihood of repeat late payments is greater resulting in the Scheme Employer being reported to The Pensions Regulator.	Red

7. Communication Implications

Direct Communications	Officers of the Fund and Scheme Employers are informed of requirements for paying contributions and consequences of non compliance. The Policy will be sent to all active employers and will also be sent as part of an introduction pack for new employers.
Website	The Policy will be published on the LGSS Pensions Service website.

8. Legal Implications

- 8.1 Failure to adhere to the Policy and to implement effective controls to prevent breaches of the law.

9 Consultation with Key Advisers

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

10. Alternative Options Considered

- 10.1 Not applicable

11. Background Papers

- 11.1 Not applicable

12. Appendices

- 12.1 Appendix 1 – Payment of Employee and Employer Pension Contributions Policy.

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?	Chris Malyon – 30/11/2015
Has this report been cleared by Deputy Head of Pensions?	Mark Whitby – 19/11/2015
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 27/11/2015
Has this report been cleared by Legal Services?	Copy of report sent to Quentin Baker – 30/11/2015

***Payment of Employee
and Employer Pension
Contributions Policy
2015***

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1. Introduction

- 1.1 This is the Payment of Employee and Employer Contributions Policy for Cambridgeshire Pension Fund which is administered by LGSS Pensions on behalf of Cambridgeshire County Council (the Administering Authority).

This Policy sets out the expectations of the Scheme Employer with regards to the payment of employee and employer pension contributions and the associated reconciliation processes performed by LGSS Pensions Officers of the Fund.

The ultimate aim of the Policy is to ensure that employee and employer pension contributions and associated schedules to inform the breakdown of the payments are received on time (on or before the 19th of the month following the month of deduction) in accordance with prevailing legislation and are reconciled by the Fund in an appropriate timescale to aid swift resolution of any unpaid monies.

It is essential that contribution income is received on time to ensure that the Fund has sufficient cash available to meet its benefit payment obligations.

2. Policy Objectives

- 2.1 The Fund's objectives relating to this Policy are:
- Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount.
 - Maintain accurate records and ensure data is protected and has authorised use only.
 - Administer the Fund in a cost effective and efficient manner utilising technology.
 - Ensure the Fund and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration function of the Fund.
 - Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary.
 - To ensure that sufficient resources are available to meet all liabilities as they fall due.

3. Purpose of the Policy

- 3.1 The purpose of the Policy is to -
- have a robust process in place for managing payments and schedules received both on time and after the statutory deadline;

- ensure employers are given appropriate information in regards to the consequences of making payments and providing schedules after the statutory deadline; and
- meet the required needs in relation to the Fund's objectives.

4. Effective date

- 4.1 This Policy was approved by the Pension Committee on XX and is effective from XX.

5. Review

- 5.1 This Policy will be reviewed annually, and if necessary, more frequently to ensure it remains accurate and relevant.

6. Scope

- 6.1 This Policy applies to the following -

- officers of the Fund;
- members of the Pension Committee;
- members of the Pension Board; and
- employers of the Fund.

7. Legal Requirements

- 7.1 Regulation 67 and 69 of The Local Government Pension Scheme Regulations 2013 states that payment of both employee and employer contributions along with a schedule as specified by the Administering Authority must be submitted by the 19th day of the month following deduction as per overriding legislation, Regulation 49 of the Pensions Act 1995.
- 7.2 Regulation 5 of The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014, provides that the Administering Authority keep accurate records of transactions which emphasises the requirement for employers to submit accurate and timely schedules along with their payments.
- 7.3 The Pensions Regulator also enforces the legal obligation of employers to pay over pension contributions and provide a schedule as detailed in the Pensions Regulator's Code of Practice (14): Governance and Administration of public service pension schemes.

8. Monitoring late payments

- 8.1 A late payment (including contributions expressed as a monetary amount, usually a cash deficit payment) is constituted by either late submission of payment schedule and/or late payment of contributions to the Fund. Both schedule and payment is due to the Fund by the 19th of the month following the month of deduction. As default, monetary deficit payments should be paid on a monthly basis. Any arrangement to pay in other frequencies must be approved by the Head of Pensions.

9. Process for dealing with late payments and/or schedules

- 9.1 In circumstances where a Scheme Employer fails to meet the statutory requirements the following protocol will be applied –

Stage	Owner	Action	Timescale to respond	Detail
1.	Funding Team	Contact the Scheme Employer by the end of the calendar month that payment/schedule fall due i.e. if payment was due 19 th May the Scheme Employer must be contacted by the 31 st May */**	Scheme Employer is given a further 5 working days to submit schedule/payment	The Scheme Employer is informed of non compliance. LGSS Pensions to record incidence of non-compliance for future reference. The point of contact for stage 1 should be the individual that usually submits the payment/schedule.
2.	Funding Team	If not received within 5 working days, the Funding Team issue second reminder within 3 working days */**	The Scheme Employer is given a further 5 working days to submit schedule/payment	The Scheme Employer is informed of non compliance and informed that the next step is escalation to the Employers Team. LGSS Pensions to record incidence of non-compliance for future reference. The point of contact for stage 2 should be the Line manager of contact in stage 1.
3.	Funding Team	If not received within 5 working days, the Funding		

		Team escalate to the Employers Team within 2 working days **		
4.	Employers Team	The Employers Team to contact the Scheme Employer within 3 working days after escalation **	5 working days to submit schedule/payment	The Scheme Employer is informed that last opportunity to pay, informed of possible ramifications and informed that if not received with 5 days the Employer Services Manager will make a decision on what action to take against the Scheme Employer. This communication should be to the highest appropriate level of authority due to the severity.
5.	Employer Services Manager & Head of Pensions	Make a proposal to the Chairman and Vice-Chairman of the Pension Committee regarding action against the Scheme Employer within 5 working days **		
6.	Chairman and Vice-Chairman of the Pension Committee	Chairman and Vice-Chairman to review the proposal and agree appropriate action within 7 working days Details of the breach to be reported at the next meeting of the Pension Committee.		Head of Pensions to inform the Scheme Employer of the action within 3 working days following action agreed by Committee**

* If the Employer advises they are unable to pay, escalate straight to the Employers Team

** All contact with a Scheme Employer must be followed up by e-mail

The Fund has the right to extend deadlines where exceptional circumstances arise and where it is not feasible for an action to be carried out within the above timescales. Any extension must be agreed by the Head of Pensions (or delegated authority).

If it is the second consecutive month or second month in a rolling six month period, the start point should be stage 2 above. If it is the third consecutive month or third month in a rolling six month period, the start point should be stage 4 above.

10. Administration fees and interest payable in respect of late and inaccurate payments and schedules

10.1 If a Scheme Employer submits a schedule and/or payment late for 3 consecutive months or 3 months in a rolling 6 month period, the Fund will reserve the right to charge an Administration Fee as follows –

Description	Administration Fee (exc.VAT)
Late/incorrect submission of payment schedule	£100
Late/incorrect payment of contributions	£150

10.2 Cambridgeshire Pension Fund will also reserve the right to charge interest in accordance with Regulation 44 of The Local Government Pension Scheme Regulations 2013, which states interest should be charged at the Bank of England Base Rate plus one percent compounded in 92 day rests.

11. Potential consequences for the Scheme Employer of repeated non-compliance

11.1 In circumstances where a Scheme Employer is not complying on a repeated basis the possible outcomes for the Scheme Employer are as follows –

- The Fund reports the Scheme Employer to the Pensions Regulator for non compliance; and
- If the Scheme Employer is an Admission Body the Fund has the ability to terminate the Admission Agreement under the terms of that Agreement.
- Any other course of action in line with the regulations as deemed appropriate by the Pensions Committee.

DRAFT