

# CAMBRIDGESHIRE PENSION FUND BOARD



**Friday, 02 July 2021**

**Democratic and Members' Services**

Fiona McMillan  
Monitoring Officer

**10:00**

Shire Hall  
Castle Hill  
Cambridge  
CB3 0AP

## **VIRTUAL MEETING**

**This meeting will held via Zoom For more information please contact the clerk for the meeting (details provided below).**

## **AGENDA**

**Open to Public and Press**

### **CONSTITUTIONAL MATTERS**

- 1. Election of Chair and Vice-Chair**  
Election of Chair and Vice-Chair for the municipal year 2021-2022.
- 2. Apologies for absence and declarations of interest**  
*Guidance on declaring interests is available at*  
<http://tinyurl.com/ccc-conduct-code>
- 3. Pension Fund Board Minutes and Action Log** **3 - 16**
- 4. Pension Fund Committee Minutes** **17 - 28**

### **DECISIONS**

- 5. Administration Performance Report** **29 - 40**

<b>6.</b>	<b>Risk Monitoring Report</b>	<b>41 - 58</b>
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<b>7.</b>	<b>Agenda Plan</b>	<b>59 - 60</b>
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**8. Exclusion of Press and Public**

*To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed - information relating to the financial or business affairs of any particular person (including the authority holding that information)*

**9. Draft Cyber Strategy**

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

The Cambridgeshire Pension Fund Board comprises the following members:

*For more information about this meeting, including access arrangements please contact*

Mr Martin Dachs Val Limb Mr Barry O'Sullivan and Councillor Denis Payne Councillor Simon King and Councillor Philippa Slatter

Clerk Name:	Rhiannon Leighton
Clerk Telephone:	01223 728170
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## CAMBRIDGESHIRE LOCAL PENSION FUND BOARD: MINUTES

Date: Friday 23<sup>rd</sup> April 2021

Time: 10:00 am – 12:26 pm.

Venue: Virtual Meeting

Present: Councillors: Simon King (Chairman), Elisa Meschini and Parish Councillor Denis Payne.

Employee Representatives: Martin Dachs, Val Limb and Barry O’Sullivan (Vice Chairman).

### 189. Apologies for Absence and Declarations of Interest

No apologies or declarations of interest were received.

### 190. Minutes – 21<sup>st</sup> February 2021 and Action Log

The minutes of the meeting held on 21<sup>st</sup> February 2021 were agreed as a correct record and would be signed by the Chairman when the Council returned to its offices. The action log was noted.

### 191. Petitions and Public Questions

No petitions or public questions were received.

### 192. Administration Performance Report

The Committee received a report demonstrating a number of key areas of administration performance for consideration by the Pension Fund Board. In particular, the reporting officer highlighted:

- Section 2, Key Performance Indicators (KPIs): That there was one red KPI for providing transfer-in quotes to scheme members, but that the team performance issues that caused this had been resolved.
- Section 3, Employee and Employer Contributions: That all Cambridgeshire Pension Fund Employers had paid in on time.
- Section 4, Breaches of the Law: The only breach of the law reported was that the refund of pension contribution payments had been claimed by and paid to members outside of the statutory 5-year period. The officer stated no action would be taken as there was an expectation that the legislation would be amended so that this would be no longer deemed a breach.

- Section 5, Internal Dispute Resolution Procedure: That there was one case seeking reinstatement / compensation for LGPS benefits which had been transferred out of the LGPS. The decision had been made not to uphold the case, and the member had not yet decided to progress to stage 2 of the procedure.

In response to Members comments, officers:

- Section 3, Employee and Employer Contributions: Stated that the information regarding the performance of Cambridgeshire Pension Fund Employers in February and March was not yet available.
- Section 4 and 5: That Section 4 and 5 used different dates as the data was submitted by different teams at different times.
- Section 8, Risk Management: Agreed to change the presentation so that the objectives and controls/risks were more aligned. The task was set a tentative six-month completion aim. **Action Required.**

It was resolved unanimously note the Administration Performance Report and take remedial action as necessary.

## 193. Risk Monitoring Report

The Committee received a summary of the Cambridgeshire Risk Strategy and Risk Register. These were reviewed and approved by the Pension Fund Committee on 28th March 2019 and are reviewed as a standing item, by the Pension Fund Board as a standard item on a quarterly basis to ensure the risk register remains up to date. In particular, the reporting officer noted:

- Section 2, Review of the Cambridgeshire Pension Fund Risk Register: That the register had been updated with changes proposed, including presentation and various controls.

Risk 9 had been updated to include the internal and external audit risks.

Risk 11 had been updated to emphasise the administration strategy as a control.

Risk 13 Cyber-crime controls had been updated for officer laptops and Wi-Fi following recommendations made in the previous meeting. Further, the officer established that the risk posed by third parties was undergoing data asset mapping.

Risk 19 had two further controls added.

- Section 3, Short to Medium Term Risks: No change. The officer reported that public sector exit caps would remain on the report as it was expected they would return.

The officer also noted the importance of ensuring thorough training upon the initiation of new Members following the election to reduce risk.

In response to Members comments, officers:

- Noted that the five amber risk ratings were longstanding risks which were rated such as they were out of the Fund's control.
- Agreed to set up a meeting between Michelle Oakensen, Jo Walton and Val Limb regarding the Risk Register. **Action Required.**
- Noted that cyber-crime may be made a separate risk under the next register review, in order that the risk rating can be more precise.

Individual Members raised the following issues in relation to the report/commented:

- Expressed a desire that, when reviewing the risk register, officers consider making the longstanding amber ratings on the risk register more changeable. An activity to review the risk register in further detail was to be added onto the Business Plan. **Action Required.**
- Martin Dachs, Employee representative, offered advisory assistance when reviewing the internal control register.

It was resolved unanimously to review the current risks facing the Fund and take remedial action as necessary.

#### 194. Pension Fund Annual Business Plan Update 2020/21

The Committee received a summary of Business Plan Update for the 2020/21 which highlighted the progress made on the key activities for the period up to the end of 2020/21 financial year and detailed where activities were continuing into the new financial year. In particular, the reporting officer highlighted:

- 3.1.2, Cyber-crime analysis: That, after an AON analysis, the officer could confirm that the Fund's cyber-crime risk controls paralleled other Local Authority Funds, but that a cyber-strategy action plan would be put in place. This process would include third party asset mapping and a questionnaire to providers.
- 3.3.4, Multiple Investment Strategy: Expenditure for an actuarial impact evaluation of multiple investment strategies had been approved by the Pensions Fund Committee. Work for this was ongoing.
- 3.5.2, Re-tender for Investment Consultancy: After much competition, Mercer LLC won the retender for investment consultant and that work would be done to ensure arrangements remained fit for purpose.
- 3.5.4: An Independent Advisor had been appointed.
- 3.5.5, Responsible Investment Policy: The Fund had received multiple enquiries regarding divestment and investing in companies supportive of the Palestine debate

in the last Pension Fund Committee Meeting. However, a robust policy would be put out to the public for consultation in May 2021.

- 3.5.7 Procuring Global Custody Services: Global custody was being developed with the ACCESS Pool.
- Appx 2: Noted that the end of year forecast has been updated since the Pension Fund Committee Meeting including a transfer in from Lincolnshire and a transfer out to the Norfolk Fund.

In response to Members comments, officers:

- Clarified that the re-tender of actuarial consultancy would be aligned with the valuation cycle. Re-tendering of the software supplier would need to take place 18 months before the end of the contract to allow a one year transition period should there be a new supplier.
- Defined the figure for small pensions in payment as set in legislation for pensions that could be commutable, dependent on if members had LGPS benefits elsewhere.

Individual Members raised the following issues in relation to the report:

- Page 70 reads that the next evaluation results will be issued 'summer 2020', this should read 'summer 2020 2023'. Action Required.

It was resolved unanimously to note the Business Plan Update to 31 March 2021 and take remedial action as necessary.

## 195. Pension Fund Annual Business Plan and Medium-Term Strategy 2021/22 to 2023/24

The Committee received a summary of the Annual Business Plan and Medium-Term Strategy which detailed the Fund's key areas of activity over the period 2021/22 to 2023/24. In particular, the reporting officers highlighted:

- That a different structure for the Pensions Service had informally been adopted to give officers more time for managing projects, governance, and employer issues. This had been agreed by the Section 151 officer but would need to be formalised through the Northamptonshire service review process. The process would have a minimal effect on expenditure.
- Expenditure: Projected expenditure for forecasts met predictions, however, this would be kept under review to monitor the ongoing impact of the pandemic. The officer also noted that costs for data improvement projects had reduced with the expectation that in future they would be undertaken inhouse.
- Cyber Resilience Strategy: Initially, a cyber security strategy/action plan would be created along with an asset mapping exercise. The strategy, mapping and action plan was forecast to take at least a year, with prioritised aspects taking less time. It

was planned that the Pension Fund Board would be utilised to provide scrutiny prior to submission to the Pension Fund Committee.

- Valuation Plan Activity: That officers were developing training plans for new Members.
- Undecided Leavers: Stressed the need to stabilise and reduce the Undecided Leavers backlog. This would be achieved by treating every case exceeding the six-month deadline as a backlog and securing accurate employer data.
- Responsible Investment Policy: The Fund had made a pledge for feedback with task group at the Asset Pool level to ensure the reporting requirement was fulfilled.
- Property Strategy: The fund was undergoing evaluation and benchmarking with the property strategy to determine whether it was fit for purpose over the medium term.

In response to Members comments, officers commented:

- That the Fund profile of contributions was dependent on many factors (inflation, staff costs) and would be reviewed. The officer noted that the Fund was forecast to become cash negative within five years but emphasised that the definition of 'cash negative' was complex and the forecast would be reviewed by the actuary soon.
- Explained that the presentation of sections such as 'income taxes' and 'profits/losses' had changed since submission to the Pension Fund Committee as part of the Business Plan. This occurred in order to resolve a misalignment which had prevented the variances from adding up.
- That the Board would review the Responsible Investment Strategy, post-scrutiny, in an information day format in consultation with the Pension Fund Committee and experts. This would be after feedback has been received and post-July. **Action Required.**
- Agreed to consider adding responsible investments onto the objectives list. **Action Required.**
- Stated that no action would be taken to update the Responsible Investment Strategy in response to Boris Johnson's updated net-zero policy as it still complied to government legislation. At the time of the meeting, 1.7% of asset investment was in fossil fuels and 2/3 Pension Fund active managers did not invest in fossil fuels.
- That the Pension Fund Board would receive a copy of the Pension Fund Committee feedback report when it was made available. **Action Required.**

It was resolved unanimously to note the attached Business Plan and Medium-Term Strategy and take remedial action as necessary.

## 196. Effectiveness Review

The Committee received a report which provided feedback on the results from the effectiveness review survey. This was a review the effectiveness of the Pension Fund Board which was undertaken as an annual exercise. In January 2021 current and former members were invited to complete a confidential survey on how adequate they felt the current arrangements of the Board were and how efficiently it was operating. As a result of the pandemic, the review prior to this had occurred in 2019. In particular, the reporting officers highlighted:

- Section 4, Conclusions: This section highlighted any responses marked 'disagree' for further clarification.

The officer noted that further training would be provided at the Pension Information Day as part of the CIPFA Skills and Knowledge Framework in response to Statement 4, which noted that Members felt a lack of experience meant they were unable to provide assistance to the administering authority.

With regard to complaints about post-scrutiny items, the officer also informed Members that sometimes documents must be received by the Pension Fund Board post-scrutiny in order that they meet submission timescales.

That, in response to Statement 2, which showed favour towards virtual meetings, the officers stated that training would occur online and Pension Fund Board meetings could continue online.

In response to Members comments, officers stated:

- That the AON Effectiveness Review recommendations had been addressed and that a response report would be circulated to the Local Pension Board. **Action Required.**

Individual Members raised the following issues in relation to the report/commented:

- Noted that they believed Members of the Local Pension Fund Board provided the Fund with a reasonable level of challenge.
- Encouraged Members to seek officer support if they require help.
- Showed favour for hybrid meetings, with some Members showing preference for virtual meetings to continue.
- Emphasised the importance for all Board Members to respond to the Effectiveness Review. **Action Required.**

It was resolved unanimously to notes the feedback and approves the plan of action to improve the effectiveness of the Pension Fund Board in the areas identified.



## 197. Governance and Compliance Report

The Committee received a summary of a standing report that identified issues concerning the governance of the Local Government Pension Scheme (LGPS) and also potential, new, amending and overriding legislation that would have an impact on how the Scheme was managed and on members' benefits. It provided the Pension Fund Committee with information on: The Public Sector Exit Cap (section 2), Scheme Advisory Board - good governance review (section 3), The Pensions Regulator – new code of practice (section 4); relevant Government consultations (section 5); New legislation (section 6); Skills and knowledge opportunities (section 7). In particular, the reporting officers highlighted:

- Section 2, Public Sector Exit Cap: That the Public Sector Exit Cap had been revoked on the 25<sup>th</sup> February, after being enforced unsuccessfully and with contradictory regulations in November 2020. It is expected that the Public Sector Exit Cap will become legislation again following a further consultation. The revocation resulted in any payments made in this period affected by the Public Sector Exit Cap needing to be reversed as a full benefit. The Cambridgeshire Pension Fund was not affected.
- Section 3, Scheme Advisory Board – Good Governance Review: That recommendations for improvement had been put forward to MHCLG following the Phase 3 of the Good Governance Review. These recommendations can be found in the report and include a training requirement.
- Section 4, Pension Regulator: A consultation had been launched by the Pension Regulator for the new single code of practice scheduled to be launched at the end of 2021. Pension Funds will have six months to become compliant. Particular changes noted by the officer was that pension fund cyber-crime and climate change response requirements had been added.
- Section 6, New Legislation: The Pensions Scheme Act 2021 had received royal assent but enforcing legislation had not yet been published. It was expected the Act would include climate change reporting, transfers out and pension dashboards.
- Section 7, Skills and Opportunities: That the virtual training sessions would be circulated nearer the time and included the 7<sup>th</sup> June.

It was at this point that the Chairman lost signal and dropped out of the meeting, resulting in the Vice-Chairman chairing for the remainder of the meeting.

It was resolved unanimously to note the contents of the report.

## 198. Local Pension Fund Board Agenda Plan, and Training Plan

Officers noted that non-standing items would be mapped onto the Agenda Plan, following elections. This would be circulated ahead of the meeting in July (for which Val Limb gave her apologies).

The Committee resolved unanimously to note the Training Plan.

#### 199. Exclusion of the Public and the Press

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

Chairman

## Cambridgeshire Local Pension Board Minutes Action Log

This is the updated action log as at 22 July 2021 and captures the actions arising from the most recent Cambridgeshire Local Pension Board meeting and updates Members on the progress on compliance in delivering the necessary actions.

Minutes of 23 April 2021

Minute number	Report Title	Action for	Action	Comment	Status
192	Administration Performance	Jo Walton	Agreed to change the presentation so that the objectives and controls/risks were more aligned. The task was set a tentative six-month completion aim.	Will be aligned at the same time as reviewing the Risk Register format.	Future activity
193	Risk Monitoring Report	Michelle Oakensen, Jo Walton	Agreed to set up a meeting between Michelle Oakensen, Jo Walton and Val Limb regarding the Risk Register.	Meeting held and Risk Register to be reviewed at the appropriate time.	Completed.
194	Pension Fund Annual Business Plan Update 2020/21	Mark Whitby	Page 70 reads that the next evaluation results will be issued 'summer 2020', this should read 'summer 2020 2023'	No further action as noted in the minutes.	Noted.
195	Pension Fund Annual Business Plan and Medium-Term Strategy 2021/22 to 2023/24	Mark Whitby	The Board will review the Responsible Investment Strategy, post-scrutiny, in an information day format in consultation with the Pension Fund Committee and experts. This would be after feedback has been received and post-July.	Post scrutiny feedback has been received from some Board members. Survey results and any changes to the Responsible Investment (RI) Policy will be discussed in a session with both Board and Committee members. The revised Investment Strategy will then go through an approval route involving the Investment Sub Committee and Pensions Committee.	Future activity

195	Pension Fund Annual Business Plan and Medium-Term Strategy 2021/22 to 2023/24	Mark Whitby	Consider adding responsible investments onto the objectives list.	To be discussed with investment advisors and then incorporated into next objectives review.	Future activity
195	Pension Fund Annual Business Plan and Medium-Term Strategy 2021/22 to 2023/24	Mark Whitby	Send the Pension Fund Board a copy of the Pension Fund Committee feedback report when it is made available.		Future activity
196	Effectiveness Review	Michelle Oakensen	Circulate the AON Effectiveness Review recommendations response report to the Local Pension Board.		Please see attached.
196	Effectiveness Review	Members	Respond to the Effectiveness Review		Ongoing

## Action Plan from Effectiveness Review Findings

Key area	Recommended Action	Comments	Status
Clear terms of reference and clearly documented scheme of delegation	A more detailed description of the areas the Board is responsible for should be considered. It is recommended that examples are used in the Terms of Reference.	The constitution was updated by Democratic Services.	Completed.
	An important point made was that the quoracy requirements are not stipulated in the Terms of Reference.	The constitution now includes the quorum requirements of the Board.	Completed.
The structure allows decision making at the appropriate level and quick decision making where appropriate	The link between the Pension Fund Committee and the Pension Fund Board could be strengthened by including an agenda item to consider the most recent Pension Fund Committee papers.	The Board receives the same information at the Committee in a more tailored manner and in some cases more up to date depending upon the meeting cycle.	No change to process required.
Receives well-presented information/reports	It was suggested that the Pension Fund Board receives the minutes of the most recent Pension Fund Committee meeting and features as an agenda item at meetings.	The Pension Fund Board receives the minutes of the most recent Pension Fund Committee meeting and there is a dedicated item on the agenda for discussion if required.	Completed – part of current processes.
A proper range of subject matter is being considered by the Board	The Board are provided with Key Performance Indicator statistics but they do not outline the legal timescale. The legal requirements could be used to inform and link to internal targets.	An activity to design a range of customer experience key performance indicators was included in the Annual Business Plan approved by the Pension Fund Committee in March 2019, the Board has been updated with the implementation of this activity through quarterly Business Plan Update reports.	Due to be completed by 31 <sup>st</sup> March 2020. Activity put on hold pending developments in workflow software.
	It would be expected that the Board reviews breaches of the law.	An additional section on reporting breaches of the law has been incorporated to the Administration Report	

			Completed – part of the Administration Report.
<b>Key area</b>	<b>Recommended Action</b>	<b>Comments following review</b>	<b>Current status</b>
Clearly articulated knowledge and skills in line with Fund Policy	There is limited information available at present to confirm the completed attendance at training and it is recommended that records are published going forward for openness and transparency.	Individual training is captured in individual training records and published at the end of the year via the Annual Report. The Chairman of the Board is sent information biannually on each members training attainment for review.	Training Strategy due to be reviewed during 2021/22.
Identify and provide ongoing training in an effective and suitable manner to meet requirements.	<p>It would be helpful to ensure all new members of the Board have the opportunity to attend an induction session to complement the information received when they start the role.</p> <p>A standing item could be added to the agenda to promote training sessions as part of meetings.</p>	<p>Newer members of the Board are provided with induction information and are encouraged to contact officers and/or other members if they have any queries or concerns. In addition, courses such as the Introduction to the Local Government Pension Scheme are recommended and officers will continue to facilitate such events.</p> <p>Training items such as the Internal Dispute Resolution Procedure, Statutory and non-Statutory Policies, Cyber Resilience, Valuation updates and the Governance and Compliance Reports have been presented to the Board over the course of the year. As training needs arise these will continue to be addressed through the meetings where pragmatic to do so.</p>	<p>Induction training is being provided following the 2021 elections and CIPFA modules being delivered during the summer of 2021.</p> <p>The training Strategy is due to be reviewed during 2021/22.</p>

Be engaged and provide appropriate challenge	The level of engagement for newer members compared to more long term members was understandably different. It would be recommended to have a check in facility for those newer members during their induction.	Newer members of the Board are provided with induction information and are encouraged to contact officers and/or other members if they have any queries or concerns. Internal training/information days are provided by officers and members are always able to ask for additional support/information if required.	Induction training is being provided following the 2021 elections and CIPFA modules being delivered during the summer of 2021.
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## Public minutes of the Pension Fund Committee

Date: Thursday 25<sup>th</sup> March 2021

Time: 10:00am – 12:45pm

Venue: Virtual Meeting

Present: County Councillors P Downes, I Gardener (Vice-Chairman), A Hay, T Rogers (Chairman) and M Shellens; Cambridge City Councillor R Robertson; Peterborough City Councillor D Seaton; Lee Phanco, Matthew Pink and John Walker

Officers: C Blose, D Cave, E Reyman, J Walton and M Whitby

Advisors: P Gent (Mercer)

Apologies: Sarah Heywood

### 233. Declarations of Interest

Councillor Robertson declared an interest as his wife was in receipt of a small pension.

John Walker and Councillor Downes both declared interests as retired members of the pension scheme.

Matthew Pink declared an interest as an active member of the pension scheme.

Lee Phanco declared an interest as Chairman of Trustees of the Sports Hall Cambridge Trust.

Councillor Gardener declared an interest as a Governor of Kimbolton School.

### 234. Public minutes of the Pension Fund Committee meeting held 8<sup>th</sup> December 2020

The minutes of the Pension Fund Committee meeting held on 8<sup>th</sup> December 2020 were approved as a correct record.

The Action Log was noted.

### 235. Public Question

A Question had been received from Mr Richard Potter. Mr Potter was invited by the Chairman to present his question:

“Divesting from fossil fuel companies: On behalf of Cambridge Green Party. At the meeting on 18th June 2020 we urged action so that the Cambridgeshire Pension Fund joins other Local Authorities in divesting from fossil fuel companies. What action has been taken?”

At the invitation of the Chairman, Mark Whitby, Head of Pensions, responded:

Since June 2020 Fund Officers and professional advisors have surveyed the responsible investment beliefs of the Pensions Committee and Local Pension Board Members and from this developed a significantly enhanced Responsible Investment Policy. This draft policy has been approved by the Investment Sub-Committee and would be presented to the Pensions Committee for their consideration later during the exempt part of the meeting.

It would be reasonable to expect the policy to contain a statement around support for the Paris Agreement, support for a “just transition”, recognition of the threats and opportunities presented by the green transition, as well as a significantly enhanced monitoring and reporting regime with regards to climate risk, such as through carbon reporting and scenario analysis.

The revised Policy would be subject to a consultation with stakeholders, including scheme members, once approved, and will be a document that is regularly updated over time.

The Fund’s position on divestment recognised the fiduciary responsibility of the Members of this Committee. The Pension Committee Members have a duty to act in the best interests of the pension scheme beneficiaries at all times, with a duty to act prudently, conscientiously and with good faith in their decision making, not taking undue risks and ultimately ensuring pensions can be paid when they fall due.

The Committee required all of its investment managers to integrate both financial and non-financial factors, including environmental, social and governance issues, in their decision making. This would include climate risks and, for example, the risk of fossil fuel companies being left with stranded assets.

The revised Responsible Investment Policy had been drafted on the basis of a general policy of engagement over divestment, whilst divestment of individual stocks clearly remains an option of last resort.

In terms of divestment from fossil fuels specifically, three substantive points were highlighted that had fed into the long-term development of the responsible investment policy:

- 1) The Minister for Pensions, Guy Opperman, concurred with a long held belief of the Committee that you achieve nothing in passing assets from responsible asset owners to owners without the same environmental concerns: On 9th March 2021 he

stated "I oppose totally...blanket divestment and it seems to me that the way ahead is proper stewardship" and "how you hold stocks that are influencing [climate change] is utterly key". It should also be remembered that the majority of the world's oil supply is under the control of state owned companies which cannot be influenced in the same manner as public companies.

- 2) There is going to be a prolonged sunset for fossil fuels even when achieving net zero by 2050. Whilst there will be, according to Lord Adair Turner, Chair of the Energy Transition Commission, a 95% reduction in thermal coal, and an 80% reduction in oil, natural gas usage will reduce by just 50% as it plays a significant role as part of the transition to a net zero economy. Immediate divestment from companies playing a key role in reaching net zero commitments may be self-defeating.
- 3) Divestment may be at odds with the Committee's belief in a "just transition" to a low carbon economy that ensures fair treatment for employees and communities that would otherwise bear the brunt of industrial change.

Mr Whitby also highlighted the commitment to undertake annual monitoring of the Fund's equity portfolio to calculate the carbon intensity of the holdings, as well as the potential emissions (i.e. existing fossil fuel reserves). The first iteration of this monitoring took place in 2020 and will form a key starting point on which future decarbonisation plans will be based and climate risks will be quantitatively managed.

The Committee welcomed Mr Potter's response to the consultation once published and officers and would notify him once the consultation was live.

The Chairman thanked Mr Potter and advised that he would receive a written response within the next ten working days.

## 236. Administration Performance Report

The Committee considered a report which set out a number of key areas of administration performance in the period 1<sup>st</sup> November 2020 to 31<sup>st</sup> January 2021.

Members' attention was drawn to the following areas:

- In terms of Employer contributions, all Employers had paid on time;
- A number of non-material breaches of the law resulting from the legislation which was due to be amended;
- The outcome of an Internal dispute resolution procedure from an individual seeking reinstatement after having transferred out of the scheme in 2015. The claim, managed by a Claims Management Company, had originally been received in 2019, but had taken time to process due to the information required. Claims made via

Claims Management Companies was a new area of work for LGPS Pension funds, and this was the first such complaint received by the Cambridgeshire Fund, other authorities had received more. Following legal advice, the decision had been reached that this claim would not be upheld, but the claimant had the option to progress to the second stage of the Internal Dispute Resolution Procedure, and a number of claims at other authorities had been progressed to the Pensions Ombudsman.

A Member asked if the types of claims alluded to were in the Risk Log. Officers advised that scams were in the Risk Log, but they would review the Risk Log and update if appropriate, and circulate a note to the Committee.

It was resolved unanimously to:

Note the Administration Performance Report

## 237. Pension Fund Annual Business Plan Update report 2020- 21

The Committee considered an update to the Business Plan for the period 1<sup>st</sup> November 2020 to 31<sup>st</sup> January 2021.

There had been further work on the section about Cybercrime, following concerns raised by a Member at the last meeting. The Pensions team had undertaken training with Aon, who had been commissioned to do some work for Q1 on data flows and data held by third parties.

A Member queried the volume of queries coming from HMRC with regard to contracted out status. It was confirmed that this related to every scheme member who was contracted out of SERPS in the period from 1978 to 1997, and required a check to compare the Fund's records to HMRC's. Officers were confident that the new timetable would be achieved.

A Member queried key milestones around the HMRC reconciliation, specifically whether the data had been received from ITM Ltd in November 2020. Officers confirmed that they had received the data, but the resources had not been available in the previous 3-4 months to work on this due to staff absences, so this action still had an amber status.

The Chairman requested that where there were tables of figures (e.g. Appendix 2) in future reports, that officer use annotations so that they were easier to read.

A Member if the figures presented for unprocessed leavers was a net figure? Officers advised that this was the gross figure and that there would always be unprocessed leavers, which meant that numbers would increase. A distinction should be drawn between the backlog (greater than 6 months) and 'business as usual' (less than six months). The numbers had not reduced as the third party work carried out by Aon had to stop for several months. In tandem with this process, all employers were being migrated to monthly

submission of information through the iConnect portal, and officers outlined how this was increasing the apparent backlog in activity. Whilst the Head of Pensions was pleased with progress in most areas during the pandemic, this was an area which had not progressed as well as anticipated, but Members were reassured that there was a dedicated team working on backlogs, and the main focus was on genuine leavers

A Member queried what comprised Governance expenditure. It was noted that this did not just cover the governance team but also consultancy costs, so was demand led and therefore difficult to estimate accurately. The Member requested a breakdown of that budget, and it was agreed that it would be circulated to the Committee. **Action required.**

A Member commented that the issue of non-availability of staff for specific projects had previously been reported to Committee as an issue. He suggested that it would be helpful going forward to provide a line in the report showing average availability of staff against budget, e.g. for the previous three months. **Action required.** Officers advised that they would always highlight any staffing issues, and that currently the team was at full capacity, with just one person on long term sick leave. The Pandemic had helped the team retain staff.

It was resolved unanimously to:

Note the Business Plan Update to 31st January 2021.

## 238. Pension Fund Annual Business Plan and Medium-Term Strategy 2021/22-2023/24

The Committee considered the Annual Business Plan and Medium Term Strategy which detailed the Fund's key areas of activity for the period 2021/22 to 2023/24. The main focus of the Plan was for the coming year (2021/22) but the Plan also identified a number of issues coming forward in future years.

The first part of the Plan was in a similar format to the previous year, setting out objectives and the usual business of the team. The Structure of the service would be slightly different to that set out in the Plan, enabling the team to better deal with projects, but that was dependent on completion of the service review programme being finalised following the unitary process in Northamptonshire. Expenditure would be reported to Committee through normal business plan update process.

Members noted the following points:

- The investment consultancy advisor procurement was being finalised, as was the global custodian procurement. Longer term issues included reprocurement of actuarial services and the software platform;

- With regard to the Business continuity plan, a complete review had taken place at the beginning of the pandemic, but needed to be reviewed in light of the unitary arrangements;
- The timeline of the Pensions Administration Standards Association (PASA) accreditation had been reprofiled, but this remained an aspiration for the team;
- In 2021/22 the team would be getting data in from employers for McCloud, with rectification will take place in subsequent years;
- The valuation date was March 2023, but there was a lot of work on run up to that process;
- The liability reduction exercise flowed over from previous year, but was less of a priority in light of higher profile activities that needed to be undertaken;
- Hymans were working on the modelling as agreed by Committee on Multiple Investment Strategies. This would be considered at the next Committee meeting;
- Detailed analysis was being taken with regard to Employer Covenanting, and that work would go in tandem with valuation;
- The asset pool was still the major investment activity, with work on pooled illiquid investments to be undertaken in the coming year;
- The Responsible Investment policy should be going out to consultation following the meeting;
- The Property strategy was a priority as the pooled solution was somewhere down the line.

One Member queried the significant variance in income. It was noted that the estimate had been based on the actuary's growth assumption, and this was updated during the year if there was information that it would be materially different. Investment income was extremely difficult to predict.

A Member noted that the planned activities listed in the Business Plan were on top of "business as usual". Given that there would be significant changes in the Committee, the Member commented it would be helpful to summarise what "business as usual" entailed, as the Pensions teams dealt with huge volumes of work across two Pension Funds. It was agreed that this would be factored in to the training plan. Officers briefly outlined the training arrangements for Committee Members in the first six months following the elections. It was noted that core areas of work would be undertaken in-house, and there was a preference for virtual training events.

There was a discussion regarding the many offers of external training events which Committee Members received. It was noted that the Pensions Team could always be contacted to see if events were worthwhile, as some may not be appropriate.

It was resolved unanimously to approve the Pension Fund Annual Business Plan and Medium-Term Strategy.

## 239. GOVERNANCE AND COMPLIANCE REPORT

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

With regard to the Public Sector Exit Cap, Members noted that this had been brought into force on 4<sup>th</sup> November 2020, but had subsequently been revoked on 25<sup>th</sup> February 2021. The reason for the revocation was that the Exit Cap had resulted in unintended consequences. Fortunately, the Fund had not processed any relevant benefits in that period. The Treasury had advised that there would be a new version of the exit cap in form of a consultation, which the team would respond to.

The Pensions Regulator had launched a campaign to stop pension scams, which the Fund was in the process of signing up to. This involved a number of activities around ensuring robust processes, regular communications to scheme members and signposting to the Financial Conduct Authority's ScamSmart website and reference materials. Officers, Committee and Board members were also encouraged to undertake the scams module within the Pension Regulator's trustee toolkit.

The outcome of the public service pensions governance and administration survey for 2019, undertaken by the Pensions Regulator, had been published in November 2020. This was an anonymous survey which the Fund had responded to, focusing on six key processes. It was noted that there had been a reduction in the number of respondents who had a process for documenting and managing risks, but it was suggested that this may be due to a change in how the question was framed.

A consultation on TPR's singular code of practice was expected to be launched in March 2021. The new Code combined many differing codes of practice and was quite a cumbersome document, being very difficult to read and understand.

Work had been ongoing with regard to the Scheme Advisory Board's Good Governance Review. The report built upon the recommendations agreed in 2019 with further input from a range of scheme stakeholders. A full set of recommendations had been presented to MHCLG to consider.

A refreshed CIPFA Skills and Knowledge Framework is due to be released in April, and this would be embedded within the Fund's Training Strategy.

Attention was drawn to the list of seminars and training events appended to the report, which was continually updated with recommendations on the most appropriate events to attend. There would be a new training strategy in the new financial year. It was noted that

the credits available for each course would be reviewed in the new financial year, and the current credit system may not necessarily be the best approach.

It was resolved unanimously to:

Note the content of the report.

## 240. Update to Funding Strategy Statement

The Committee considered a report which presented a number of amendments to the Funding Strategy Statement, for consultation with scheme employers. The various changes to LGPS Regulations and their impact on the management of the Fund were noted. Essentially, these formalised a number of flexibilities in the LGPS scheme around employer exits, changes to contribution rates and Deferred Debt Arrangements (DDA).

A Member asked if these changes were being applied universally across LGPS funds. Officers advised that the team had consulted with the Fund actuary, and the changes were being dealt with fairly uniformly across the LGPS scheme, but individual Funding Strategy Statements would reflect each Fund's individual approach, and it was noted that some funds may not be as flexible.

A Member observed that Fund employers included a large number of small organisations, other than Councils and Academies. Officers confirmed that the changes applied to all employers. Councils and Academies were the least likely to require these arrangements, and they were most likely to apply to admitted bodies. However, the Fund had asked the actuary to extend the cover to all employers.

In response to a Member question, it was confirmed that the recommendation was for consultation with employers, and the final policy would be reported back to June Committee for approval.

A Member asked what happened if a Scheme employer/former employer could not afford the exit payments, and if there was any quantification of this risk i.e. what would happen if an employer went bankrupt. Officers advised that they could not quantify this risk, but this issue had been reviewed around five years previously, and the level of risk exposure was determined to be immaterial. Security from all new employers was requested to cover the event of bankruptcy, and any outstanding contributions would be prioritised in the event of bankruptcy.

In response to a question on whether the changes to the Funding Strategy Statement had any implications for employees in what were previously local authority maintained schools, officers confirmed that there would be no impact on any employees, as their pensions were guaranteed by the Regulations. The changes to the Funding Strategy Statement only related to employers.



A Member asked if there was a more fundamental risk, given the financial stability of the administering authority, the County Council, could be seen to have been undermined, especially over the last twelve months. Officers advised that if an administering authority failed, an alternative administering authority would be set up by government, as was the case in Northamptonshire.

It was resolved unanimously to:

Approve the amendments to the Funding Strategy Statement for consultation with employers.

## 241. Review of the effectiveness of the Pension Fund-Committee

A report was considered on Members' views of the adequacy of current arrangements for the Committee and its operation. A survey had been carried out, for which there was a 60% return rate. The full analysis of responses was attached as Appendix 1 to the report.

Two particular areas of concern were virtual meetings and the lack of paper copies. Differing views were expressed on the effectiveness of virtual meetings, and whether they should continue once physical meetings were permitted. Strong support was also expressed for paper copies of the agendas. Members were reminded that the County Council's Group Leaders had agreed in 2020 that no paper agendas would be produced for Members. A number of Members commented that it was difficult to interpret and follow reports electronically, and that paper agendas should be reinstated. Others commented that paper agendas and physical meetings were against the whole direction the Committee was taking in terms of minimising the Fund's impact on the environment. There was general agreement that virtual training saved a great deal of time and expense and should be the default option going forward.

It was resolved unanimously to:

Note the feedback and approve the plan of action to improve the effectiveness of the Pension Fund Committee in the areas identified.

## 242. Employer Admissions and Cessations Report

The Committee received a report on the admission of three admission bodies, one designating body, and the cessation of seven bodies. None of the admission bodies were discretionary.

It was noted that one of the bodies had owed backdated contributions when it had joined the scheme, and these contributions had since been paid in full.

Attention was drawn to ADEC, which had a funding surplus. As ADEC was an unattached employer, the surplus had been paid to that body as required by the legislation.

A Member suggested that reports could include annually whether there had been a net increase or decrease in the number of employers.

A Member asked what happened to employees or former employees of the bodies which cease. Officers outlined the different possibilities depending on the individual circumstances – in most cases, employees were TUPE'd to new contractors; in some cases, they became deferred members.

It was resolved unanimously to:

1. Note the admission of the following admitted bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreements:
  - ABM Catering Limited
  - Stevenage Leisure Limited
  - YTKO Limited
2. Note the admission of the following designating body to the Cambridgeshire Pension Fund:
  - CMAT Educational Services Limited
3. Note the cessation of the following bodies from the Cambridgeshire Pension Fund:
  - Carers Trust (Caring Together Charity)
  - Kingdom Services Group
  - Lunchtime UK Limited x 3
  - Chartwells Catering
  - Easy Clean Contractor Limited
  - Adec (Arts Development in East Cambridgeshire)

## 243. Exclusion of Press and Public

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

## 244. Investment Strategy Statement

The Committee considered a report which presented the revised Investment Strategy incorporating the Fund's draft Responsible Investment Policy, as recommended by the Investment Sub Committee.

It was resolved by a majority to:

1. Note the report and draft Investment Strategy Statement;
2. Approve the draft Investment Strategy Statement for consultation with stakeholders and the timetable for finalisation and publication of the Investment Strategy Statement.

## 245. ACCESS Asset Pooling Update

The Committee considered a report on ACCESS Asset Pooling. The reports for the most recent ACCESS meetings had been circulated to the Committee.

It was resolved to:

Note the attached minutes from the ACCESS Joint Committee meeting of 12 November 2020;

Note the asset pooling update following the JC meeting of 13 January 2021.

As it was his last meeting of the Committee, the Chairman thanked Members, including those stepping down at the forthcoming elections, and all officers involved in the Committee for their support over the years, commenting that a lot of work went into producing the reports for Committee. Committee Members thanked the Chairman for all his hard work, calm and knowledgeable chairing, and ability to include all Members. The Head of Pensions thanked the Chairman and commented that his support to officers had been extraordinary.



# CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

2 July 2021

Report by: Head of Pensions

Subject	Administration Performance Report
Purpose of the Report	To present the Administration Performance Report to the Pension Fund Board
Recommendations	The Pension Fund Board are asked to note the Administration Performance Report
Enquiries to:	Joanne Walton, Governance and Regulations Manager <a href="mailto:joanne.walton@westnorthants.gov.uk">joanne.walton@westnorthants.gov.uk</a>

## 1. Background

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

## 2. Key Performance Indicators – Pensions Service

- 2.1 The Pension Fund Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of the Pensions Service.
- 2.2 Full KPI details for the period 1 March to 31 May 2021 can be found in appendix 1.

## 3. Receipt of Employee and Employer Contributions

- 3.1 Employers in the Fund have a statutory obligation to arrange for the correct deduction of employee and employer contributions and to ensure payment reaches the Pension Fund by the 19th of the month following the month of deduction. Providing an associated monthly statement/schedule in a format acceptable to the Administering Authority.
- 3.2 The table in appendix 2 shows the percentage of employers in the Cambridgeshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late for the period 1 May 2020 to 30 April 2021.
- 3.3 There were no late payments of contributions for the period 1 December 2020 to 31 March 2021 and there were 4 late payments in April.

#### 4. Breaches of the Law

4.1 There are various laws relating to the Local Government Pension Scheme, with various individuals, including the Pension Fund Board, having a statutory duty to report material breaches of the law to the Regulator. The Cambridgeshire Pension Fund maintains a record of both material breaches that are reported to the Pensions Regulator as well breaches that are deemed not to be of material significance and so are not reported to the Pensions Regulator.

4.2 For the period 1 March to 31 May 2021, the following breaches occurred:

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	None
Non Material Breaches	13 refund of pension contribution payments were claimed by and paid to members outside of the statutory 5-year period.	No further action at this stage. It is likely that the legislation surrounding this will be amended to remove the 5 year requirement.

#### 5. Internal Dispute Resolution Procedure

5.1 Members, prospective members, and beneficiaries may not always agree with pension decisions that are made, or may be unhappy that decisions have not been made, by either an administering authority or a scheme employer. The Internal Dispute Resolution Procedure (IDRP) is the route by which they may raise their concerns and challenge such decisions.

5.2 In the period 1 February to 31 May 2021 the following activity occurred:

Nature of dispute	Stage 1 (Head of Pensions)	Stage 2 (Cambridgeshire County Council Monitoring Officer)	The Pensions Ombudsman
Membership records providing inconsistent details and associated delays incurred (received 23 April 2021).	Response due by 22 June 2021, extended to 3 July 2021 (a verbal update will be provided at this meeting).		
Delays in response to requests for information. Received an amount of money in error (which has since been recovered in full) (received 11 May 2021)	Response due by 10 July 2021.		
Nature of dispute	Stage 1 (Head of Pensions)	Stage 2 (Cambridgeshire County Council Monitoring Officer)	The Pensions Ombudsman
Request for a transfer of pension benefits denied due to not meeting the conditions required (received 13 May 2021).	Response due by 12 July 2021.		
Delay in payment of pension and tax issues relating to payment of child's pension (received 3 June 2021).	Response due by 2 August 2021.		
Request for a transfer of pension benefits denied due to not meeting the conditions required (received 3 December 2018).	Not upheld (29 January 2019)	Not upheld (15 May 2019).	Not upheld (18 May 2021). Member did not confirm their acceptance of the Ombudsman ruling so the Ombudsman closed the case 11 June 2021.

## 6. Employers Admissions and Cessations

### 6.1 The following admitted bodies were admitted to the Cambridgeshire Pension Fund:

- ABM Catering Limited (Priory Junior School, Holywell CofE Primary School and St Augustine's CofE Voluntary Aided Junior School)
- Aramark (Cambridge Regional College)
- Aspens-Services Limited (Brampton Village Primary School)
- Centre 33
- City Culture Peterborough Ltd
- Compass Contract Services (Anglian Learning Trust: Bassingbourne VC, Sawston VC and Netherhall)
- Easy Clean Contractors (Arbury Primary School, Thomas Deacon Education Trust: Thomas Deacon Academy, Warboys Primary School, Welbourne Primary School and Richard Barnes Academy)
- Fusion
- Goshen Multi-Services Limited Contract 2
- Hertfordshire Catering Limited (Petersfield CofE Aided Primary School, Meldreth Primary School, Melbourn Primary School, Hauxton Primary School, Harston & Newton Community Primary School and Barrington CofE VC Primary School)
- Industrial Site Maintenance Limited
- Lunchtime Company (CPET: Histon & Impington Junior School, Histon & Impington Infants School, Hatton Park Primary School, Trumpington Park Primary School and Somersham Primary School)
- Peterborough Investment Partnership

6.2 The following bodies have ceased to be an employer within the Cambridgeshire Pension Fund:

- ABM Catering Limited (Abbots Ripton CE Primary)
- Centre33 (entered and exited the scheme within a month)
- Easy Clean Ltd (Little Paxton)
- Edwards & Blake Limited (Spring Common Academy)
- Edwards and Blake (Little Paxton Primary)
- Spurgeons

## 7. Relevant Pension Fund Objectives

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

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

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

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



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

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

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

## 8. Risk Management

8.1 The Fund's Administration Strategy sets out the performance standards of both the scheme employer and the administering authority. The Pension Fund Committee and Pension Fund Board are expected to monitor performance standards through information contained within the Administration Report which is presented at each meeting.

8.2 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below -

Risk No.	Risk	Residual risk rating
6	Information may not be provided to stakeholders as required.	Green
8	Those charged with governance are unable to fulfil their responsibilities effectively	Green
17	Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

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

## 9. Communication Implications

### [Direct communications](#)

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

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

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

## 10. Finance & Resources Implications

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

## 11. Legal Implications

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

## 12. Consultation with Key Advisers

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

## 13. Alternative Options Considered

- 13.1 Not applicable

## 14. Background Papers

- 14.1 Not applicable

## 15. Appendices

- 15.1 Appendix 1 Key Performance Indicators – Pensions Service

- 15.2 Appendix 2 Receipt of Employee and Employer Contributions

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

## Checklist of Key Approvals

Has this report been cleared by Head of Pensions? Mark Whitby – 23/06/2021

# Appendix 1 - Key Performance Indicators – Pensions Service March to May 2021

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Notify leavers of deferred benefit entitlement	Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information.	90%	March: 150 April: 137 May: 84	140 129 76	10 8 8	93 94 90	Green Green Green	SLA target met SLA target met SLA target met
Payment of retirement benefits from active employment	Notify employees retiring from active membership of benefits award, from date payable or date of receiving all necessary information if later within 5 working days.	95%	March: 37 April: 28 May: 53	35 26 52	2 2 1	95 93 98	Green Amber Green	SLA target met SLA target not met <sup>1</sup> SLA target met
Payment of pension benefits from deferred membership status	Notify members retiring from deferred membership status of benefits award, from date payable or date of receiving all necessary information if later within 10 working days.	90%	March: 52 April: 50 May: 65	52 36 40	0 14 25	100 72 61	Green Amber Red	SLA target met SLA target not met <sup>1</sup> SLA target not met <sup>1</sup>
Award dependant benefits – Statutory	Issue award within 5 working days of receiving all necessary information.	95%	March: 45 April: 47 May: 26	42 47 25	3 0 1	93 100 96	Amber Green Green	SLA target not met <sup>2</sup> SLA target met SLA target met
Provide a maximum of one estimate of benefits to employees per year on request – Statutory	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	March: 74 April: 50 May: 63	73 47 63	1 3 0	98 94 100	Green Green Green	SLA target met SLA target met SLA target met
Provide transfer-in quote to scheme member – Statutory	Letter issued within 10 working days of receipt of all appropriate information.	95%	March: 33 April: 51 May: 41	27 46 41	6 5 0	81 90 100	Red Red Green	SLA target not met <sup>3</sup> SLA target not met <sup>3</sup> SLA target met
Payment of transfer out – Statutory	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	March: 29 April: 15 May: 45	27 15 42	2 0 3	93 100 93	Green Green Green	SLA target met SLA target met SLA target met

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

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

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

<sup>1</sup> A number of Retirement KPIs have been impacted by the revoked exit cap changes, unitary changes including Tier 1-3 consultation, and bulk communications leading to increased general enquiries into the team. Staff have been temporarily reassigned within the service to manage the increased demand.

<sup>2</sup> Award dependant benefits – Delays at checking stage now resolved.

<sup>3</sup> Transfer in/transfer out – Staff performance issues now resolved





## Appendix 2 - Receipt of Employee and Employer Contributions

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
May 2020	100	0	100	0
June 2020	99.5	0.5	99.3	0.7
July 2020	99.3	0.7	100	0
August 2020	99.6	0.4	99.6	0.4
September 2020	99.8	0.2	99.8	0.2
October 2020	100	0	100	0
November 2020	100	0	100	0
December 2020	100	0	100	0
January 2021	100	0	100	0
February 2021	100	0	100	0
March 2021	100	0	100	0
April 2021	99.2	0.8	99.6	0.4
Average for period	99.8	0.2	99.9	0.1





# Cambridgeshire Pension Fund

## Pension Fund Board

Date: 2 July 2021

Report by: Head of Pensions

Subject:	Risk Monitoring Report
Purpose of the Report	To present the Cambridgeshire Pension Fund Risk Monitoring Report
Recommendations	The Board is asked to review the current risks facing the Fund
Enquiries to:	Michelle Oakensen, Governance Officer <a href="mailto:michelle.oakensen@westnorthants.gov.uk">michelle.oakensen@westnorthants.gov.uk</a>

## 1. Background

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

## 2. Review of the Cambridgeshire Pension Fund Risk Register

- 2.1 The risk register has been reviewed by officers for this period and the following updates are being recommended to reflect the current position of the Fund:

Risk no.	Risk	Proposed change(s)
3	As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	'It is ensured that the ACCESS asset pool meets the Fund's ESG requirements' updated to 'The Head of Pensions is chairing an ACCESS Task & Finish Group responsible for the development of Pool Guidelines and future ESG reporting requirements, ensuring the Fund's responsible investment needs are met'
6.	The Pension Fund and its members may become a target for fraudsters and criminals (cyber-crime).	Risk separated from IT risk with specific mitigations applied (cyber-crime references removed from risk 16).
9	Those charged with governance are unable to fulfil their responsibilities effectively.	Gross score increased to 12 (impact 3, likelihood 4) with no increase to the residual score. Mitigations updated to include 'CIPFA Skills and Knowledge training within 6 months of joining followed by targeted training based on decisions that the Committee are asked to make'.
13	Failure to recognise and manage conflicts of interest	Residual likelihood increased to 3 which gives an overall score of 6. This has moved the position of the risk to number 13 from 15. Governance and legal advice sought as required has been added as a mitigation.
14	Incorrect/poor quality data held on Pension Administration and Payroll platforms leading to incorrect information being provided to members and stakeholders	Risk wording updated as follows – Incorrect/poor quality held on the Pension Administration and Payroll platforms or delays with receiving information leading to incorrect information/delayed provision of information to members and stakeholders. Residual likelihood increased to 2 resulting in the overall rating moving to 6 from 3. This resulted in the overall risk moving from position 25 to 14. The following mitigations were also added: 1) Dedicated Employer Services Team to query/chase data as required. 2) Administration Strategy in place which sets out expectations of employers and potential sanctions. 3) Escalation process in place for repeated incorrect or delayed data being received by the Fund.

2.2 Board members are asked to review the full risk register located in appendix 1 of this report and advise if any further changes are required.

### 3. Short to Medium term risks

#### 3.1 The impact of the pandemic

3.1.1 The service is still predominantly working remotely with minimal staff attending the office for certain business activities only. Some face to face meetings have started to take place and discussions at high level regarding staff returning to the office have also started to take place centrally.

### 3.2 Knowledge for new members of the Pension Fund Committee and Pension Fund Board

- 3.3.1 Following the local elections on the 6 May 2021, there have been new members appointed to both the Committee and Board. In order to ensure members have the required skills and knowledge to fulfil their duties a training session was delivered on 21<sup>st</sup> June 2021. This session provided a detailed explanation of how the Fund is governed and fiduciary duty. Further CIPFA skills and knowledge modules will be delivered virtually by the Fund's governance advisors, Aon during the period July to September 2021.

## 4. Relevant Pension Fund Objectives

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

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

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

Continually monitor and measure clearly articulated objectives through business planning.

Deliver consistent plain English communications to stakeholders.

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

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

## 5. Risk Management

- 5.1 The Pension Fund Committee and Pension Fund Board are expected to monitor risk and compliance and act appropriately where there is a cause for concern.
- 5.2 The risks associated with not monitoring risk and acting appropriately have been captured in the Fund's risk register as detailed below.

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

- 5.3 The full risk register can be found in appendix 1.

## 6. Finance & Resources Implications

- 6.1 None.

## 7. Communication Implications

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

## 8. Legal Implications

8.1 Not applicable.

## 9. Consultation with Key Advisers

9.1 Not applicable

## 10. Alternative Options Considered

10.1 There are no alternative options to be considered

## 11. Background Papers

11.1 The Cambridgeshire Pension Fund Risk Strategy – [Risk Strategy Hyperlink](#)

## 12. Appendices

12.1 Appendix 1 - The Cambridgeshire Pension Fund Risk Register

### Checklist of Key Approvals

Has this report been cleared by Head of Pensions? Mark Whitby – 22/6/2021

## Cambridgeshire Pension Fund Risk Register

Risk	Risk	Relevant objectives	Responsible Lead(s)*	Risk Rating
1	Employers unable to pay increased contribution rates.	9	E	12
2	Failure to respond to changes in economic conditions.	15,16	A	12
3	As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	18, 19	A	9
4	Contributions to the Fund are not received on the correct date and/or for the correct amount	1,8,9,16	A	8
5	Fund assets are not sufficient to meet obligations and liabilities.	2,16,17,19	A	8
6	The Pension Fund and its members may become a target for fraudsters and criminals (cybercrime)	10,11	ALL	8
7	Information may not be provided to stakeholders as required.	14	ALL	6
8	The Investment Strategy's Risk Reward profile does not match the requirements of the Fund.	16, 17,18	A	6
9	Those charged with governance are unable to fulfil their responsibilities effectively.	2,3	G	6
10	Risk of fraud and error.	2,10	ALL	6
11	Failure to understand and monitor risk compliance.	5	G	6
12	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	8	E	6
13	Failure to recognise and manage conflicts of interest.	2,10	G	6
14	Incorrect/poor quality held on the Pension Administration and Payroll platforms or delays with receiving information leading to incorrect information/delayed provision of information to members and stakeholders	2,8,10,11	G	6
15	Custody arrangements may not be sufficient to safeguard Pension Fund assets.	1,2,3	A	4
16	Pension Fund systems and data may not be secure and appropriately maintained	10,11	E	4
17	Failure to administer the scheme in line with regulations and guidance.	1,2,3,16	ALL	4
18	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	15	G	4
19	Pension Fund investments may not be accurately valued.	2,10,17,18	A	4
20	Actual experience materially differs from actuarial assumptions used at each valuation	9, 17,18	E	4
21	Failure to act appropriately upon expert advice and/or risk of poor advice.	17,18,19,20	ALL	4
22	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met in conjunction with the Fund Actuary/specialist advisors.	9,17,18	E	4
23	Unable to deliver pension services due to an inadequate business continuity plan.	8	ALL	4
24	Unable to deliver pension services due to inadequate recruitment and retention processes.	8	ALL	4
25	Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.	1,2,3,19	A	3
26	Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage.	1,2,10	ALL	3
27	Pension Fund objectives are not defined and agreed.	4	G	2

# Key

<b>E</b>	Employer Services and Systems Manager
<b>A</b>	Accounting and Investments Manager
<b>G</b>	Governance and Regulations Manager
<b>O</b>	Operations Manager
<b>ALL</b>	All Manager Responsibility

Overall responsibility rests with the Head of Pensions

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

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
1.	Employers unable to pay increased contribution rates.	4	4	16	R	<ul style="list-style-type: none"> <li>Provisional contribution rates are consulted on with each scheme employer as part of the valuation process</li> <li>Review of employer covenant, looking at the terms of the admission agreement and bond/guarantor arrangements.</li> <li>Negotiate terms of deficit recovery whilst keeping employer contribution rates as stable and affordable as possible.</li> </ul>	4	3	12	A
2.	Failure to respond to changes in economic conditions.	4	4	16	R	<ul style="list-style-type: none"> <li>The Fund has established a quarterly Investment Sub Committee dedicated to focus on Investment matters.</li> <li>The Fund receives quarterly performance reports which consider operational and strategic investment issues.</li> <li>A formal review of the strategic asset allocation is undertaken on a triennial basis.</li> <li>The Fund publishes an Investment Strategy Statement which is regularly reviewed.</li> <li>The Fund has currency hedging and equity protection arrangements in place.</li> <li>Coronavirus pandemic: Increased engagement with investment managers and monitoring of asset movements.</li> </ul>	4	3	12	A
3.	As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	4	4	16	R	<ul style="list-style-type: none"> <li>Investment managers are required to take account of both financial and non-financial factors in their investment decisions</li> <li>Managers are challenged on their engagement activities in connection with environmental, social and governance (ESG) issues including climate risk</li> <li>Managers are required to report regularly on their compliance with our ESG policy</li> <li>The Head of Pensions is chairing an ACCESS Task &amp; Finish Group responsible for the development of Pool Guidelines and future ESG reporting requirements, ensuring the Fund's responsible investment needs are met.</li> </ul>	3	3	9	A

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
4.	Contributions to the Fund are not received on the correct date and/or for the correct amount.	4	3	12	A	<ul style="list-style-type: none"> <li>• Employer contributions are set as stable as possible and the Fund works with employers closely to ensure pragmatic solutions if an employer is unable to meet monthly contributions.</li> <li>• A procedure is in place to identify non-payment and late payment of contributions as defined in the Employee and Employer Late Payment Policy.</li> <li>• The Policy includes a reporting process to report late payments to Committee and the Pensions Regulator.</li> <li>• Internal Audit reviews take place on an annual basis and external audit review the accounts annually.</li> </ul>	4	2	8	A
5.	Fund assets are not sufficient to meet obligations and liabilities.	4	3	12	A	<ul style="list-style-type: none"> <li>• The Funding Strategy Statement is reviewed every 3 years.</li> <li>• The Fund Actuary considers asset valuations and the Fund Investment Strategy in setting employer contributions rates.</li> <li>• The year-end financial statements record the Funds asset position and is subject to robustly reviewed by external audit, which supports the Funds asset valuation applied to assess fund adequacy.</li> <li>• The Fund has currency hedging and equity protection arrangements in place.</li> </ul>	4	2	8	A



Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
6.	The Pension Fund and its members may become a target for fraudsters and criminals (cybercrime).	4	3	12	A	<ul style="list-style-type: none"> <li>• Cyber hygiene arrangements in place for system access.</li> <li>• Hosted pensions server and backup server are at separate sites.</li> <li>• Disaster recovery plans are in place for both Heywood and WNC</li> <li>• Compulsory annual online training for Officers on Cyber resilience and Data Protection.</li> <li>• Cyber Strategy and Action Plan developed</li> <li>• Data asset mapping undertaken (and will be continually reviewed) to understand risks during data transfer and whilst data is held by third parties</li> </ul>	4	2	8	A
7.	Information may not be provided to stakeholders as required.	3	3	9	A	<ul style="list-style-type: none"> <li>• Officers keep up to date with disclosure regulations and distribute knowledge to teams accordingly using resources such as relevant websites, seminars, professional bodies and working groups.</li> <li>• Letters are generated through task management for consistency and are checked before being sent out.</li> <li>• Communications Officer now in place.</li> <li>• Membership of the LGA Communications Working Group.</li> <li>• Membership of the Regional Joint Communications Group.</li> <li>• Communication and Digital Communication Strategy in place.</li> </ul>	3	2	6	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
8.	The Investment Strategy's risk reward profile does not match the requirements of the Fund.	3	3	9	A	<ul style="list-style-type: none"> <li>Investment Strategy in place which is in accordance with LGPS investment regulations.</li> <li>A formal review of the strategic asset allocation is undertaken on a triennial basis.</li> <li>The Fund appoints professional investment advisers to support the Pension Committees investment decisions</li> <li>At each triennial actuarial valuation, the Funding Strategy Statement considers alignment of the investment strategy to employer covenant and affordability.</li> <li>Members are encouraged to participate in Skills &amp; Knowledge training with respect to Investments and attend relevant industry conferences. Detailed training records are maintained.</li> </ul>	3	2	6	G
9.	Those charged with governance are unable to fulfil their responsibilities effectively.	3	4	12	A	<ul style="list-style-type: none"> <li>Training Strategy in place to facilitate the continual development of both Committee and Board members.</li> <li>New members are provided with relevant documentation to assist them in their roles.</li> <li>The Fund subscribes to relevant professional bodies such as LAPFF and PLSA.</li> <li>CIPFA Skills and Knowledge training within 6 months of joining followed by targeted training based on decisions that the Committee are asked to make.</li> </ul>	3	2	6	G
10.	Risk of fraud and error.	3	3	12	A	<ul style="list-style-type: none"> <li>Anti- Fraud and Corruption policy in place.</li> <li>Fund participates in the National Fraud Initiative and undertakes oversees pensioner existence checks.</li> <li>Robust processes in place including segregation of duties and authorisation protocols.</li> <li>Aspects of the control environment are tested by Internal Audit and External Audit.</li> </ul>	3	2	6	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
11.	Failure to understand and monitor risk compliance.	3	2	6	G	<ul style="list-style-type: none"> <li>Business Continuity plan in place and is updated at least annually.</li> <li>Active risk register in place, the Committee and Board are updated if there are any risk movements between scheduled reporting timescales.</li> <li>The Local Pension Board have oversight of risk monitoring to assist the Pensions Committee on decision making.</li> </ul>	3	2	6	G
12.	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	3	4	12	A	<ul style="list-style-type: none"> <li>Employers are made aware of their responsibilities upon admission via the Fund's website and direct employer communication.</li> <li>Training is provided to employers on a minimum quarterly basis and more often, if required.</li> <li>The importance of a statutory deadlines is stressed to the employer through all communications and via events such as the employer forums.</li> <li>Support is also available through the website, dedicated employers help line and templates issued where applicable.</li> <li>An Administration Strategy is in place setting out employer performance targets.</li> </ul>	2	3	6	G
13.	Failure to recognise and manage conflicts of interest.	4	2	8	A	<ul style="list-style-type: none"> <li>Declaration of interests are made at the beginning of all statutory meetings where not held on the County Councillor declaration register.</li> <li>Conflicts of Interest Policy in place for the Local Pension Board.</li> <li>Committee and Board members are encouraged to undertake the Pension Regulators Toolkit which includes a conflicts of interest module.</li> <li>Governance and legal advice sought as required</li> </ul>	2	3	6	G

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

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
16.	Pension Fund systems and data may not be secure and appropriately maintained	4	2	8	A	<ul style="list-style-type: none"> <li>• System user controls are in place including regular password changes.</li> <li>• Access rights are controlled and data is backed up.</li> <li>• Audit trails are in place.</li> <li>• Pension system is protected against viruses and other system threats.</li> <li>• The pensions administration system is updated to ensure LGPS requirements are met.</li> <li>• Hosted pensions server and backup server are at separate Bedfordshire sites.</li> <li>• Disaster recovery plans are in place for both Heywood and WNC.</li> <li>• Compulsory annual online training for Officers on Cyber resilience and Data Protection.</li> </ul>	4	1	4	G
17.	Failure to administer the scheme in line with regulations and guidance.	5	2	10	A	<ul style="list-style-type: none"> <li>• Policies and strategies are in place and are accessible on the Fund website.</li> <li>• Policies and strategies are subject to review at appropriate intervals and subject to stakeholder consultation where necessary.</li> <li>• A Training Strategy is in place for those charged with governance.</li> <li>• Officers attend working groups (such as EMPOG/SECSOG) and consult with professional advisors where appropriate.</li> <li>• Employers are aware of their responsibilities within the Fund and what information is required, in what format and by when.</li> <li>• The Fund subscribes to relevant professional bodies such as LAPFF and PLSA.</li> <li>• Where necessary specialist legal advice will be obtained to assist with interpretation of regulations or guidance.</li> </ul>	4	1	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
18.	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	3	2	6	G	<ul style="list-style-type: none"> <li>Committee and Board papers are provided for each scheduled meeting, providing relevant information to inform decision making.</li> <li>Papers are subject to appropriate approvals including that of the Monitoring Officer and Section 151 Officer.</li> <li>Yearly effectiveness reviews for Committee and Board members are carried out to identify if any changes need to be made to the information delivered.</li> </ul>	2	2	4	G
19.	Pension Fund Investments may not be accurately valued	3	2	6	G	<ul style="list-style-type: none"> <li>The Fund employs a custodian to independently review the fund asset values applied by Fund Managers and these valuations are applied in the year-end financial statements.</li> <li>The year-end financial statements record the Funds asset position and is subject to robust review by external audit.</li> <li>Officers work closely with the Funds Custodian to ensure accuracy of asset valuations.</li> </ul>	2	2	4	G
20.	Actual experience materially differs from actuarial assumptions used at each valuation.	3	3	9	A	<ul style="list-style-type: none"> <li>Assumptions and actual experience are analysed through triennial valuations to ensure assumptions remain appropriate.</li> <li>Early engagement with employers.</li> <li>The Investment Sub Committee receives quarterly performance reports provided by recognised industry professionals which considers both strategic and operational aspects of investment.</li> <li>Officers are in partnership with Fund advisers report asset allocation performance quarterly to the Investment Sub Committee.</li> <li>Probability based/stochastic modelling techniques are used by the Fund Actuary to reduce the reliance on deterministic assumptions.</li> <li>Investment performance is reported monthly to the Fund Actuary.</li> <li>A specialist longevity service is employed to provide accurate Fund specific longevity analysis.</li> </ul>	2	2	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
21.	Failure to act appropriately upon expert advice and/or risk of poor advice.	4	2	8	A	<ul style="list-style-type: none"> <li>Pension Committee decisions and oversight by the Local Pension Board.</li> <li>Investment consultants and independent advisors appointed via a robust appointment process.</li> <li>Members are encouraged to participate in Skills &amp; Knowledge training with respect to Investments and attend relevant industry conferences. Detailed training records are maintained.</li> </ul>	2	2	4	G
22.	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met in conjunction with the Fund Actuary/specialist advisors.	3	3	9	A	<ul style="list-style-type: none"> <li>Assessment of the strength of individual employer covenants in conjunction with the actuary and what bond/guarantor arrangements are in place.</li> <li>Close liaison with Employers in managing exit strategy in line with the Admitted bodies, Scheme employers and Transfer Policy.</li> <li>Ensure individual employers are monitored closely to pre-empt when they are likely to cease and put in arrangements to fund cessation on an appropriate basis.</li> </ul>	2	2	4	G
23.	Unable to deliver pension services due to an inadequate business continuity plan.	3	2	6	G	<ul style="list-style-type: none"> <li>Business continuity plan in place which includes the ability for staff to work remotely to meet the demands of the service.</li> <li>Multi skilling across the service for flexibility.</li> <li>Updated at least annually to ensure remains relevant and up to date.</li> <li>Part of the Fund's business continuity plan.</li> </ul>	2	2	4	G
24.	Unable to deliver pension services due to inadequate recruitment and retention processes.	3	2	6	G	<ul style="list-style-type: none"> <li>Establishment reporting undertaken monthly to identify any recruitment/retention issues.</li> <li>Recruitment undertaken utilising all available avenues including agency staff.</li> <li>Staff leaving interviewed to understand reason for cessation.</li> <li>Regular performance reporting across all business processes serves as early warning system</li> <li>Consultancy contracts in place as a backstop</li> </ul>	2	2	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
25.	Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.	3	2	6	G	<ul style="list-style-type: none"> <li>The Fund is compliant with Investment regulations and best practice guidance.</li> <li>The Fund appoints professional investment advisers to support the Pension Committees investment decisions.</li> <li>The Funds asset allocation is considered by the Actuary when undertaking the triennial valuation.</li> <li>Investment performance is closely monitored, in particular the Investment Sub Committee receives quarterly performance reports provided by recognised industry professionals highlighting key issues.</li> <li>The Fund has an appropriate Investment Strategy Statement in place which also addresses Environmental, Social and Governance (ESG) issues.</li> </ul>	3	1	3	G
26.	Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage.	3	2	6	G	<ul style="list-style-type: none"> <li>Automated extraction of data where viable and agreed procedures for reporting.</li> <li>Robust authorisation protocols in place.</li> <li>Internal and External audit reviews.</li> <li>Contributions are reconciled against employer monthly reports and the bank account, which is subject to both internal and external audit review as part of the year end process.</li> <li>Membership year end reconciliation and investigate variations from the accounting valuations.</li> <li>Management and administration are maintained in accordance with the SORP and the Financial Regulations.</li> <li>Data Improvement Policy and Plan are in place.</li> <li>Anti-Fraud and Corruption Policy in place.</li> </ul>	3	1	4	G
27.	Pension Fund objectives are not defined and agreed.	4	2	8	A	<ul style="list-style-type: none"> <li>Objectives are agreed as part of the Annual Business Plan and Medium Term Strategy by the Pensions Committee.</li> <li>Relevant objectives are referenced on every committee report.</li> <li>Objectives are referenced in all policy documents and the risk register to ensure appropriate focus.</li> </ul>	2	1	2	G



## **Criteria for assessing impact and likelihood**

### **Impact**

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

**Likelihood**

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

# Cambridgeshire Pension Fund Board Agenda Plan

Meeting date	Agenda item	Lead officer	DS Deadline for draft reports	Agenda despatch date
05/11/21	Minutes 02/07/2021 and Action Log	R Leighton	21/10/21	29/10/21
	Administration Report [standing item]	J Walton		
	Risk Monitoring [standing item]	M Oakensen		
	Business Plan Update [standing item]	M Whitby		
	Governance and Compliance Report [standing item]	J Walton		
	Responsible Investment Policy	M Whitby		
	Business Continuity Plan	J Walton		
	Training Strategy	J Walton		
	Pension Committee Minutes	R Leighton		
28/01/22	Minutes 05/11/2021 and Action Log	R Leighton	13/01/22	21/01/22
	Administration Report	J Walton		
	Risk Monitoring [standing item]	M Oakensen		
	Business Plan Update [standing item]	M Whitby		
	Governance and Compliance Report [standing item]	J Walton		
	Pension Committee Minutes	R Leighton		
29/4/2022	Minutes 28/1/2021 and Action Log	R Leighton		
	Administration Report	J Walton		

Meeting date	Agenda item	Lead officer	DS Deadline for draft reports	Agenda despatch date
	Risk Monitoring [standing item]	M Oakensen		
	Business Plan Update [standing item]	M Whitby		
	Governance and Compliance Report [standing item]	J Walton		
	Pension Committee Minutes	R Leighton		