

PENSION FUND COMMITTEE

Thursday, 10 October 2019

Democratic and Members' Services

Fiona McMilan
Monitoring Officer
Shire Hall
Castle Hill
Cambridge
CB3 0AP

10:00

**Kreis Viersen Room
Shire Hall, Castle Hill, Cambridge, CB3 0AP**

AGENDA

Open to Public and Press

1. Apologies for absence and declarations of interest

*Guidance on declaring interests is available at
<http://tinyurl.com/ccc-conduct-code>*

2(a). Minutes of the Pension Fund Committee held 25th July 2019 **5 - 10**

2(b). Action Log **11 - 14**

3. 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)

4. Valuation of the Fund

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

5. Governance and Compliance Report	15 - 44
6. Pension Fund Annual Business Plan Update report 2019-20	45 - 58
7. Data Improvement Plan Progress Report	59 - 66
8. Administration and Performance Report	67 - 76
9. Risk Monitoring – Six month review	77 - 92
10. Review of the effectiveness of the Pension Fund Committee	93 - 106
11. Employer Admissions and Cessations Report	107 - 116
12. ACCESS Asset Pooling Update	117 - 128
13. Date of Next Meeting	

The Pension Fund Committee comprises the following members:

Mr Lee Phanco Mr Matthew Pink Councillor Richard Robertson Councillor David Seaton
and Mr John Walker Councillor Peter Downes Councillor Ian Gardener Councillor Anne Hay
Councillor Terence Rogers Councillor Josh Schumann and Councillor Mike Shellens

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

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The County Council is committed to open government and members of the public are welcome to attend Committee meetings. It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens.

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

<https://tinyurl.com/CommitteeProcedure>

MINUTES OF THE PENSION FUND COMMITTEE

Date: Thursday 25th July 2019

Time: 10.00 a.m. - 11.50 a.m.

Place: Kreis Viersen Room, Shire Hall, Cambridge

Present: Councillors: L Brennan (substituting for J Walker), R Hickford (substituting for Cllr Hay), I Gardener, R Robertson, T Rogers (Chairman), P Downes and M Shellens

Officers: B Barlow, T Kelly, R Perry, R Sanderson, P Tysoe and M Whitby

Consultants: P Gent Mercer

Observers: None

Apologies: Councillors: A Hay, J Schumann and D Seaton. L Phanco, M Pink and J Walker

148 DECLARATIONS OF INTEREST

Liz Brennan declared a personal interest as a Local Government Pension Scheme Member.

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

149. MINUTES OF THE PENSION FUND COMMITTEE MEETING HELD ON 13th JUNE 2019

The minutes of the Pension Fund Committee meeting held on 13TH June 2019 were approved as a correct record and were signed by the Chairman.

Note: Later in the confidential section of the meeting a Member highlighted that in the context of the more detailed confidential minutes regarding investments, he believed he had raised a question about the story widely reported in the news about the Kent Pension Fund's investment in Neil Woodford's Equity Income Fund, and how this fitted in with the ACCESS arrangements. As an oral update officers confirmed that this was outside of the pooling arrangements and only affected the Kent Pension Fund.

150. MINUTES ACTION LOG

As an oral update on item 135, Councillor Robinson confirmed he had received the information requested and the action was now closed.

A Member queried why six actions were still ongoing. As set out in the Action / Status column many of the actions would be reported to the October meeting as this particular Committee meeting focused on the Accounts and the review of investments.

The Committee noted the Minute Action Log.

151. PENSION FUND ANNUAL REPORT AND STATEMENT OF ACCOUNTS 2018-19

The Committee received the Draft Annual Report for comment and approval as well as the Statement of Accounts for comments, the latter requiring submission to and final approval from the County Council's Audit and Accounts Committee.

Already published on the web and circulated separately to Members of the Committee in advance was the External Audit Report from EY (Ernst and Young LLP) titled 'Cambridgeshire Pension Fund Audit Results Report year ended 31st March' which had not been completed at the time of the agenda publication. Hard copies were made available at the meeting for members and the public. This report stated that the External Auditors were expected to be able to issue an unqualified opinion on the Cambridgeshire Pension Fund's financial statements having no issues they wished to bring to the attention of the Audit and Accounts Committee and having not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement. As a result, there was no need for a management response to either of the meetings.

In opening the discussion the Chairman thanked the officers for an excellent report and set of accounts with the former having been revised and presented in a new easier to read format.

Officers in presenting the report set out the main highlights which included:

- That as at 31st March 2019, the Fund was valued at £3.19 billion.
- The Assets Pool was progressing at a steady pace and was the subject of an update report later in the confidential Part 2 section of the agenda.
- The 2018-19 year continued the trend of increasing membership.
- The Funds investment Strategy over the past two years had increased the allocations to longer duration investments such as private equity and infrastructure while reducing the dependency on listed equities. Highlighting this was the pie charts on page 61 showing the strategic allocation target for 'Alternatives' at 31st March 2018 to 31st March 2019 being 23% with the actual allocation spend at 31st March 2019 being 21% and with the allocation to eventually go up to 30% as a result previous Committee decisions.

In discussion issues raised included:

- One Member indicating that he had found some grammatical errors in the report that he would share with the officers about outside of the meeting so that they could be corrected on the final signing off version.
- That as the members of the Committee had only received black and white copies of the agenda and the colour lines on the graph showing different benchmarks could not be identified, there was a request that for future year documents such as the Annual Report, they must be produced in colour. **Action: Democratic Services**

Agenda Item no. 2(a)

- It was suggested by one Member that there should be a note in the final version of the Annual Report highlighting that whatever the financial situation in Northamptonshire, they did not have an effect on the Accounts.
- Regarding liquidity, a Member suggested that reference should be made that Neil Woodford's Equity Income Fund did not affect the Fund.
- An explanation was given clarifying the relevant lines on the Investment Policy and Performance graph on page 65 as the Committee did not have a colour version of the Annual Report and the Accounts as part of their document pack. There was a request that this should be included in colour for future years. **Action: Democratic Services**
- Issues were raised regarding underperformance of the Fund as set out in the above referenced graph. Officers explained that the whole issue of benchmarking to assess the performance of investment managers and the Fund was a very complex area and was to be the subject of a training day on the 9th October which would include reviewing whether the right benchmarks were being used. One Member still suggested that the Fund had a £100 million drag of where the Fund should be. Other Members suggested that there were too many benchmarks shown which overcomplicated the position regarding Members being able to come to a conclusion of where the Fund was, compared with other, similar Funds. There needed to be an analysis of the various benchmarks in order for Members to come to a conclusion on which was the best to use. **Action for 9th October P Tysoe / Richard Perry**
- Page 43 – with reference to overpayments and them being particularly high in 2018-19 due to their identification as part the GMP Reconciliation Project, a question was raised regarding what was being done to recover them. Reference was made to a Team having been created to specifically deal with data quality work and overpayments.
- In the Table starting on page 44 and continuing on to page 47 listing all the employers in the Fund as at 31st March 2019, one member highlighted that 500 were listed while another section stated that there were 207 employers asking why the discrepancy? The list showed all employer contributions including bodies joining and leaving the Fund in the year. The reference in the report to the number of employers treats some listed schools as grouped into multi academy trusts, the latter being classed as the single employer. It was suggested that this should be clarified in a note. **Action P Tysoe / Richard Perry**
- Page 62 - query on the table titled 'Value of Investments at the balance sheet' The percentage shown on the 'Cash' line seemed to be incorrect possibly due to rounding and should be reviewed. **Action P Tysoe / Richard Perry**
- Page 87 with reference to the private equity / infrastructure change in market value during the year which showed a 10% increase a question was raised on whether this was sustainable, it was explained that some of this was due to the valuation of the Cambridge and Counties Bank - the expectation was that this sector would continue to increase as more money was being invested in the area.

- Page 103 'Assumed life expectancy at age 65' – A Member queried the figures which showed a decrease from the 2013 valuation to the 2016 valuation in all categories. In reply it was explained that life expectancies used by the Actuary was taken from an accredited industry wide data source as relevant to the make-up of the Fund's membership. More recent observations may have been that improvements to life expectancy had slowed down and life expectancy was falling due to poor / unhealthy lifestyle choices. The 2019 figures would be available in February /March. The Member asked that the figures for 2018 should be double checked as he thought the relative changes in life expectancy between genders seemed inconsistent. **Action: Richard Perry / Paul Tysoe**
- At a recent seminar attended by a Member it was indicated that Northamptonshire Pension Funds net current assets had increased while Cambridgeshire's had decreased and asked why this was. This was due to Cambridgeshire redeploying what had been a huge cash holding into Alternative assets and tighter management of cash.
- Clarification on a query raised regarding whether more than one Active Investment Manager had failed to meet their market based performance benchmark would be clarified with the Member following the meeting.

It was resolved unanimously:

- a) To approve the Draft Annual Report and Note the Statement of Accounts of the Pension Fund for the 2018-19 financial year.
- b) Approve the Head of Pensions in consultation with the Chairman to agree any immaterial amendments to the Annual Report arising from the External Auditor review and from the discussions at the meeting.

152. EXCLUSION OF PRESS AND PUBLIC

It was resolved:

That under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they contained exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended (information which is likely to reveal information relating to the financial or business affairs of any particular person) and that it would not be in the public interest for this information to be disclosed.

153. ANNUAL REVIEW OF THE FUND'S INVESTMENT MANAGERS

This report introduced a presentation by the Fund's investment consultants Mercer reviewing the performance of the Fund's Investment Managers for the year ended 31st March 2019. The report included the summary conclusions of the detailed report (attached as an appendix) providing qualitative research views from Mercer and additional quantitative analysis of the performance of each investment manager for the year ending 31st March 2019. This included an overview of the key contributors or detractors to performance and the key issues to consider for each mandate going forward. Section 4 of

the report summarised the investment manager's performance with section 5 providing a summary of the Fund's Investment Managers with a view of whether to retain / review.

The report was noted.

154. INVESTMENT MANAGER FEE REVIEW

This report reviewed the fees paid by the Fund to Investment Managers over a three year period and the performance delivered by each manager. Although the report concentrated on Active Investment Managers as they had been in place for the full period, details of fees over three years for Passive Investment Managers would be included in future reports by aggregating the current and previous managers' fees.

The level of turnover and transactions costs incurred depended upon the manager's approach to investing. The report concluded that the majority of the Fund's investment managers had competitive fees when compared to the wider universe of Mercer clients, with reasons provided for those with higher fees. With the exception of one manager, all other managers reported lower than expected annual turnover for the three year period as detailed in the confidential report.

It was resolved unanimously:

To note the Annual report.

155. CUSTODIAN MONITORING REPORT

The Cambridgeshire Pension Fund employed Mercer Sentinel to review the investment operations of the Fund administration and safekeeping of assets with the activities undertaken by the Fund's global custodian, the Northern Trust Company (Northern Trust).

The report provided details of the monitoring and benchmarking of the custodian and investment managers performance for the period 1st April 2018 to 31st March 2019 with regard to:

- Cash Management
Operational Efficiency: Trade Settlement, Income Collection, Corporate Actions, Proxy Voting, Tax Reclaims, Foreign Exchange
- Investment Manager Reconciliations
- Securities Lending
- Transaction Cost Analysis.

It was resolved:

To note the annual review of the investment operations of the Fund.

156. REVIEW OF ADDITIONAL VOLUNTARY CONTRIBUTION (AVC) PROVIDERS TO THE FUND

This report presented the findings of the review of Additional Voluntary Contribution (AVC)

providers (Prudential and Equity Life) conducted by Aon Benefits, the Governance Consultancy advisors to the Fund. The Review was to ensure that the providers and the investment options and services that they offered remained appropriate for scheme members and the Fund on what was a very limited market.

The review using the Occupational Pension Schemes Investment Regulations (2005) as a governance framework covered the following specific areas:

Summary of the AVC membership

Performance

Commentary on With Profits Funds held by members

Financial strength of the providers

Quality of the providers' administration

Quality and suitability of investment options available to members

Liquidity and tradability in regulated markets

Charges

AVC-related communications/disclosure of fund information

Recent changes within Equitable Life and Prudential.

It was resolved unanimously:

To note the contents of the report.

157. ACCESS ASSET POOLING UPDATE

This report updated the Committee on the Access Joint Committee (AJC) meeting of the 11th June 2019. In the public section of the meeting, the minutes of the previous meeting of the AJC, held on 18th March 2019, were approved and were attached at Appendix B to the report.

The report provided a summary for each agenda item of the Access Joint Committee and also detailed developments up to the date the report was written. The Access Joint Committee was open to the public but did also have a confidential business / sensitive section to it. The Business Plan was discussed as part of the public part of the meeting.

It was resolved unanimously:

To note the Asset Pooling Update.

158. FORWARD AGENDA PLAN

This was tabled at the meeting for information.

159. DATE OF NEXT MEETING 10 A.M. 10th OCTOBER

Chairman
10th October 2019

CAMBRIDGESHIRE PENSION FUND

Pension Fund Committee

Agenda Item: 2(b)

Action log from previous meetings

This log captures the actions from the Pension Fund Committee of the 25th July 2019 together with any carried forward items from previous meetings and updates members on the progress on compliance in delivering the necessary actions. This is the updated action log as at 27th September 2019.

Outstanding actions from 28th March 2019 meeting of the Pension Fund Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
122.	Annual Business Plan and Medium Term Strategy 2019-20 to 2021-22	Cory Blose	It was noted that measures were being examined to automate monthly data collection as far as possible, and it was agreed to circulate a report on this.	Ongoing – Drafted, pending refinement.

Outstanding actions from 13th June 2019 meeting of the Pension Fund Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
137.	Governance and Compliance Report	Michelle Oakensen	There was a request for a review of the credits system as Councillor Robertson could not justify the amounts of time required currently to earn the necessary number of credits. Agreed that there should be a report to next meeting reviewing the credit system to ascertain whether it was still fit for purpose or required amendment.	Noted – The credit system will be reviewed upon the next Training Strategy review.
137.	Governance and Compliance Report	Michelle Oakensen	There was a request that an updated Training Schedule is sent to all Members of the Committee which included venue details.	Completed – The Training Schedule was re-circulated with training logs.

138.	Administration and Performance Report	Michelle Oakensen	With regards to Key Performance Indicators (KPIs) it has been requested that a report is brought to Quarter 3 which would include the customer's full journey, as currently the KPIs do not cover this.	Ongoing – The KPIs are currently in the process of being reviewed. An update will be brought to the October meeting via the Business Plan Update.
139.	Data Improvement	Joanne Walton	For the Pensioner payroll vs Pension Administration Reconciliation and Rectification work it was suggested that it would be useful to see the financial details to get an idea of what the highest and lowest were.	Completed – Distributed by email 25/09/2019.
139.	Data Improvement	Joanne Walton	When confirm that Accurate Data Services had been awarded the contract following a further competition using the National LGPS Framework for Member Data Services it was suggested that regarding the intention to report on the improvements made to the quality of the Fund's data, information should also be provided on the percentage of errors.	Completed – Circulated to members of the Pension Committee by email.
140.	Pension Fund Annual Business Plan Update 2019-20	Joanne Walton	It was reported that Her Majesty's Revenues and Customs Service (HMRC) had still not provided all the information required for the Guaranteed minimum Pension Reconciliation Project. One Member indicated that he would wish to see errors resolved earlier rather than later, and asked what pressure could be put on HMRC.	Ongoing – Whilst HMRC have not finished processing all the queries raised with them, it has been observed that significant progress has taken place within the last few months. A final data cut which will mark the end of HMRC's processing of queries is scheduled for November.

Actions from 25th July 2019 meeting of the Pension Fund Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
151.	Pension Fund Annual Report and Statement of Accounts 2018-19	Democratic Services	<ul style="list-style-type: none"> Members of the Committee had only received black and white copies of the agenda and the colour lines on the graph showing different benchmarks could not be identified, there was a request that for future year documents such as the Annual Report, they must be produced in colour. An explanation was given clarifying the relevant lines on the Investment Policy and Performance graph on page 65 as the Committee did not have a colour version of the Annual Report and the Accounts as part of their document pack. There was a request that this should be included in colour for future years 	Noted – will be applied as necessary.
151.	Pension Fund Annual Report and Statement of Accounts 2018-19	Paul Tysoe/Richard Perry	There needed to be an analysis of the various benchmarks in order for Members to come to a conclusion on which was the best to use.	Completed – Addressed at the 9 th October training day.
151.	Pension Fund Annual Report and Statement of Accounts 2018-19	Paul Tysoe/Richard Perry	In the Table starting on page 44 and continuing on to page 47 listing all the employers in the Fund as at 31 st March 2019, one member highlighted that 500 were listed while another section stated that there were 207 employers asking why the discrepancy? The list showed all employer contributions including bodies joining and leaving the Fund in the year. The reference in the report to the number of employers treats some listed schools as grouped into multi academy trusts, the latter being classed as the single employer. It was suggested that this should be clarified in a note.	Noted - The presentation will be revisited for the 2019-20 Annual Report.
151.	Pension Fund Annual Report and Statement of Accounts 2018-19	Paul Tysoe/Richard Perry	Page 62 - query on the table titled 'Value of Investments at the balance sheet' The percentage shown on the 'Cash' line seemed to be incorrect possibly due to rounding and should be reviewed.	Completed – The calculations have been checked and the values in the table updated accordingly.

151.	Pension Fund Annual Report and Statement of Accounts 2018-19	Paul Tysoe/ Richard Perry	Page 103 'Assumed life expectancy at age 65' – A Member queried the figures which showed a decrease from the 2013 valuation to the 2016 valuation in all categories. In reply it was explained that life expectancies used by the Actuary was taken from an accredited industry wide data source as relevant to the make-up of the Fund's membership. More recent observations may have been that improvements to life expectancy had slowed down and life expectancy was falling due to poor / unhealthy lifestyle choices. The 2019 figures would be available in February /March. The Member asked that the figures for 2018 should be double checked as he thought the relative changes in life expectancy between genders seemed inconsistent	Completed – The values have been validated as correct.
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Pension Fund Committee

Date: 10th October 2019

Report by: Head of Pensions

Subject:	Governance and Compliance Report
Purpose of the Report	<p>To provide the Pension Fund Committee with information on:</p> <ol style="list-style-type: none"> 1) Potential, new or amending legislation and Court judgements affecting the LGPS; 2) Other pensions legislation; 3) The LGPS Scheme Advisory Board and the Pensions Regulator; 4) Issues concerning the governance of the Local Government Pension Scheme (LGPS) on a national and local basis; 5) The Equitable Life Proposal 6) Skills and knowledge opportunities.
Recommendations	<p>That the Pension Fund Committee:</p> <ol style="list-style-type: none"> 1) Notes the content of the report; and 2) Approves the recommendation for the Pension Fund Committee to delegate the decision on how to vote on Equitable Life's Proposal to the Head of Pensions in conjunction with the Chairman and Vice-Chairman (6.11) ; and 3) Approves the recommendation for the Pension Fund Committee to delegate the choice of default investment strategy should the Equitable Life Proposal go ahead to the Head of Pensions in conjunction with the Chairman and Vice-Chairman (6.12)
Enquiries to:	<p>Jo Walton – Governance and Regulations Manager, LGSS Pension E-mail: jwalton@northamptonshire.gov.uk</p>

1. Background

- 1.1 This is a standing report that identifies issues concerning the governance of the Local Government Pension Scheme (LGPS) and also potential, new, amending and overriding legislation that will have an impact on how the Scheme is managed and on members' benefits.

2. New legislation and Court judgements

2.1 The Investment Consultancy and Fiduciary Management Market Investigation Order 2019

2.1.1 On 10th June 2019 the Competition and Market's Authority (CMA) published The Investment Consultancy and Fiduciary Management Market Investigation Order 2019. The order defines fiduciary management services and potentially has implications for LGPS asset pools. The Scheme Advisory Board is in discussion with the Ministry of Housing Communities and Local Government (MHCLG), the CMA and legal advisers to seek further clarity.

2.1.2 The Scheme Advisory Board has produced a briefing note which can be found at the link below.

<https://lgpsboard.org/images/Guidance/CMABrief182019.pdf>

2.1.3 The main impact for LGPS asset pools appears to be around part 7 of the Order which prohibits scheme managers from entering into a contract or continuing to obtain investment consultancy services without setting strategic objectives for the investment consultancy provider. Part 7 of the Order comes into effect from 10th January 2020.

2.1.4 A report will be prepared for the November meeting of the Investment Sub Committee on this matter.

2.2 Written Ministerial statement – Walker v Innospec Supreme Court judgement

2.2.1 On 4th July 2019, the Parliamentary Under Secretary of State (Department for Work and Pensions) issued a response to the Supreme Court judgement in respect of Walker v Innospec and others.

2.2.2 The judgement was issued on 12th July 2017 with the Supreme Court deciding that Mr Walker's husband, on the death of Mr Walker, is entitled to the same benefits as the survivor of an opposite sex spouse. For public service pension schemes it means that civil partners and survivors of same sex marriages are entitled to receive benefits equal to those received by widows of male members (as introduced to the LGPS by the 2018 Amendment Regulations).

2.2.3 The Government has concluded that aside from the changes brought about by the Supreme Court judgement, it will not make any further retrospective changes to the existing provisions in public service pension schemes to equalise survivor benefits. The view is that any differences in survivor benefits will work their way out over time.

2.2.4 In the LGPS, in some cases, the widower of a female scheme member is entitled to a lower survivor pension than the widow of a male scheme member. This decision means that this will not change.

2.3 Langford v RAF Pension Scheme Court of Appeal ruling

2.3.1 On 17th July 2019 the Court of Appeal awarded a survivor pension in the RAF pension scheme to Ms Langford following the death of her partner in 2011. Ms Langford had cohabited with the scheme member for 15 years, but she was married to someone else at the time of her partner's death.

- 2.3.2 This decision could have far-reaching consequences for other cohabiting couples in the public sector where a surviving partner is married to a third party. In the LGPS, both partners need to be “free to marry” to qualify for payment of a cohabiting partner’s pension (amongst other qualifying criteria). The Government’s response to this decision is awaited.

2.4 McCloud

- 2.4.1 On 15th July 2019, the Chief Secretary to the Treasury announced in a written statement that remedies relating to the McCloud judgement will need to be made in relation to all public service pension schemes. At the time of writing there is no further progress to report.
- 2.4.2 The Scheme Advisory Board have produced a questions and answers document on the McCloud case which can be found at the following link:

<http://www.lgpsboard.org/index.php/structure-reform/cost-management/ccmcloud>

3. Scheme Advisory Board

3.1 Good Governance Report

- 3.1.1 The Scheme Advisory Board commissioned Hymans Robertson to examine the effectiveness of current LGPS governance models and to consider alternatives or enhancements to existing models which can strengthen LGPS governance going forward with recognition that any models considered must maintain strong links to local democratic accountability.
- 3.1.2 Hymans Robertson engaged with all stakeholder groups and all fund types via an online survey, one-to-one conversations and workshops. The Scheme Advisory Board requested that existing and alternative governance arrangements be assessed on standards, consistency, representation, conflict management, clarity of roles and responsibilities and cost. As such four governance models were considered:

Model 1	Improved practice
Model 2	Model 1 plus greater ring-fencing
Model 3	Joint Committee; and
Model 4	Separate Local Authority body

- 3.1.3 The survey responses favoured Model 2 followed by Model 1 and the following proposals have been put forward to the Scheme Advisory Board for consideration:
- An outcomes-based approach to LGPS governance with minimum standards rather than a prescribed governance model.
 - Critical features of an outcome based model should include:
 - Robust conflict management including clarity on roles and responsibilities for decision-making;
 - Assurance on sufficiency of administration and other resources (quantity and competency) and appropriate budget;
 - Explanation of policy on employer and scheme member engagement and representation in governance; and
 - Regular independent review of governance – this should be based on an enhanced governance compliance statement which should explain how the required outcomes are delivered.

- 3.1.4 Enhanced training requirements for s151s and s101 committee members (requirements for s101 should be on a par with Local Pension Board members).
- 3.1.5 Update relevant guidance and better sign-posting.
- 3.1.6 The full report can be found at the link below.

<http://www.lgpsboard.org/images/PDF/GGreport.pdf>

- 3.1.7 A detailed plan to implement the report's recommendations is being constructed and will be presented at the Scheme Advisory Board in November 2019. Any proposals agreed by the Scheme Advisory Board will be subject to a full stakeholder consultation before being put to MHCLG.

4. The Pensions Regulator

4.1 Combining of codes of practice

- 4.1.2 The Pensions Regulator has announced that they plan to combine the current 15 codes of practice into one single shorter code. The changes will reflect the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018. The codes that are most affected by these regulations will be addressed first and this includes the code of practice 14 (public service pension schemes). Schemes will need to demonstrate that they have an effective governance system within 12 months of the date the code is updated.

4.2 Governance and administration survey (2018) findings

- 4.2.1 The Pensions Regulator have published their findings of the governance and administration survey of public service pension schemes undertaken at the end of 2018. 195 out of 207 schemes completed the survey.

- 4.2.2 The main findings are as follows:

- The report highlights the importance of receiving accurate and timely data and identifies employer performance as a common reason for missing or inaccurate data.
- The percentage of LGPS members who were sent an annual benefit statement before the statutory deadline was lower than average across the sector.
- The top three barriers to improvements in administration and governance were identified as complexity, lack of resources and legislative change.
- Within the LGPS, staff retention and lack of knowledge was cited as a top three risks by 28% of funds. Cambridgeshire Pension Fund responded with funding and investment risk, securing compliance with changes to the scheme regulations and receiving contributions from scheme employers.
- Six LGPS funds reported that they had fewer Board (Local Pension Board) members at the time of the survey than is required by regulation (Cambridgeshire Pension Fund is compliant in this area).

- 4.2.3 The full report can be found at the following link:

<https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/public-service-research-2019.ashx>

5. Consultations

5.1 Local valuation cycle and the management of employer risk

5.1.1 On 8th May 2019 MHCLG issued a 12 week policy consultation called LGPS: 'Changes to the local valuation cycle and the management of employer risk'.

5.1.2 The consultation covered the following areas:

- Amendments to the local fund valuations from the current 3 year to 4 year cycle
- A number of measures aimed at mitigating the risks of moving to a 4 year cycle
- Proposals for flexibility on exit payments
- Proposals for further policy changes to exit credits
- Proposals for changes to the employers required to offer local government pension scheme membership

5.1.3 The Cambridgeshire Pension Fund's response to the consultation (as agreed by the Chairman and Vice-Chairman of the Pension Fund Committee and Local Pension Board) can be found in **appendix 2**.

5.2 Exit payments cap

5.2.1 In 2015 the Government first announced plans to introduce a £95,000 cap on exit payments in the public sector. The cap includes any pension strain costs (the cost to the employer of paying a scheme member's pension early normally on the grounds of efficiency or redundancy) and apply where there has been a 'relevant public sector exit' which occurs when an employee leaves the employment of a public sector authority.

5.2.2 On 10th April 2019 HM Treasury launched a consultation on the draft regulations entitled 'Restricting exit payments in the public sector: consultation on implementation of the regulations'. The consultation closed on 3rd July 2019.

5.2.3 The Cambridgeshire Pension Fund's response to the consultation (as agreed by the Chairman and Vice-Chairman of the Pension Fund Committee and Local Pension Board) can be found in **appendix 3**.

6. Equitable Life Proposal

6.1 On 15th June 2018, Equitable Life accounted that they have entered into an agreement to transfer the Society and all its policies to Utmost Life and Pensions (previously known as Reliance Life).

6.2 The Cambridgeshire Pension Fund has 69 members who have an AVC account with Equitable Life.

6.3 Equitable Life's proposal concerning the transfer is in two parts:

- **Part One:** To increase With-Profits policy values with immediate one off uplift. Remove any investment guarantees (including any guaranteed annual increase) and switching rights. Convert all With-Profits policies to Unit-Linked policies.
- **Part Two:** To transfer all of the business of Equitable Life to Utmost Life and Pensions except for certain excluded policies (German and Irish Policies which will remain with Equitable Life which will become a subsidiary of Utmost Life and Pensions).

- 6.4 Cambridgeshire County Council, the administering authority and 'Scheme Policy Holder' has been asked to vote to:
- Approve the 'Scheme' (Part 1)
 - 'Change the Articles' to make Utmost Life and Pensions the sole Member of Equitable Life (Part 2)
- 6.5 Administering authorities can object to the transfer of Equitable Life's business to Utmost Life and Pensions (the transfer does not require a vote but does need the approval of the High Court).
- 6.6 The deadline for receipt of online or postal votes is 10am on 30th October 2019.
- 6.7 On behalf of the LGPS administering authorities that have Equitable Life as an AVC provider for their members, the LGA obtained a QC opinion (dated 6th September 2019) on the obligations and future challenges associated with this vote. In summary the opinion is as follows:
- an administering authority is entitled to vote
 - the administering authority has a duty to secure that the value of additional benefits from AVCs is 'reasonable' having regard to the amount of the voluntary contributions and the value of other scheme benefits
 - it is for administering authorities to determine how they exercise their votes; they cannot and must not abdicate their responsibility in this regard
 - administering authorities must not allow themselves to be dictated to by Scheme members
 - administering authorities will not generally be liable if they act reasonably.
- 6.8 QC opinion was also that it would be prudent for administering authorities to communicate with scheme members before it is determined how to vote in order to assist with that determination (for the reasons set out in the opinion).
- 6.9 The full QC opinion can be found in **appendix 4**.
- 6.10 In line with other LGPS Funds that have Equitable Life as their AVC provider, LGSS Pensions are in the process of obtaining advice on Equitable Life's proposals from Aon. Aon will conduct an in-depth review on the reasonableness of the uplifts proposed by Equitable Life and the default investment strategy for funds transferred from the With Profits Fund and a member analysis of the proposed uplifts and suitability of the investment strategy for the Fund's members. Aon will also produce the member communication as recommended by the QC.
- 6.11 As the closing date for votes is 30th October 2019 and so before the next meeting of the Pension Fund Committee and that the administering authority has a fiduciary duty to make an informed decision on how to vote on the Proposal it is proposed that the Head of Pensions in conjunction with the Chairman and Vice-Chairman of the Pension Fund Committee decide on how the administering authority should cast its vote based on the advice provided by Aon outside of a formal meeting.

- 6.12 In addition, should the Proposal go ahead, the administering authority will be required to make a decision on the default investment strategy in respect of the transfer payments by 12th December 2019. It is proposed that the Head of Pensions in conjunction with the Chairman and Vice-Chairman of the Pension Fund Committee make this decision outside of the formal meeting as the next meeting falls on the 12th December 2019, the date by which the investment instructions need to be received by Equitable Life.

7. Skills and knowledge opportunities – training events

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

8. Relevant Pension Fund Objectives

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

9. Risk Management

- 9.1 The Pension Fund Committee are required to have the appropriate skills and knowledge to effectively carry out their duties. This report ensures that the Pension Fund Committee is up to date with:
- New or amending legislation affecting the LGPS;
 - Relevant activities of the LGPS Scheme Advisory Board and the TPR that concern the governance of the (LGPS) on a national and local basis; and
 - Skills and knowledge opportunities.
- 9.2 The risks associated with Pension Fund Committee not having the required level of knowledge and understanding have been captured in the Fund's risk register as detailed below.

Risk No	Risk	Residual risk rating
7	Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively.	Green
13	Failure to administer the scheme in line with regulations and guidance.	Green
16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	Green

- 9.3 The Fund's risk register can be found - <https://pensions.cambridgeshire.gov.uk/app/uploads/2019/04/Cambridgeshire-Risk-Register.pdf>

10. Communication Implications

Training	All staff involved in the administration of the LGPS are aware of the new legislation and the impact on the calculation and payment of benefits from the scheme.
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11. Finance & Resources Implications

- 11.1 The costs associated with the advice required for the Equitable Life Proposal (section 6) will be met by the administration budget.

12. Legal Implications

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

13. Consultation with Key Advisers

- 13.1 Aon, the Fund's governance and benefits advisors have been consulted with regards to the Equitable Life Proposal as detailed in section 6.

14. Alternative Options Considered

- 14.1 There are no alternative options to be considered.

15. Background Papers

- 15.1 None.

16. Appendices

- 16.1 Appendix 1 List of training events/conferences.
Appendix 2 Exit payments cap consultation response
Appendix 3 Local valuation cycle and the management of employer risk consultation response
Appendix 4 QC opinion on the role of the administering authority and the Equitable Life Proposal

Checklist of Key Approvals	
Is this decision included in the Business Plan?	No
Will further decisions be required? If so, please outline the timetable here	No
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 23 rd September 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 20 th September 2019
Has the Chairman of the Pension Committee been consulted?	Councillor Rogers – 23 rd September 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 26 th September 2019

Appendix 1 – Internal/External training and events 2019-2020

Date	Event	Training Credits	Target Audience	Host/Website
17-18 January 2019	LGPS Governance Conference	4	Officers, Committee/Board members	Local Government Association https://www.local.gov.uk
13 February 2019	LGSS Pensions Information Day	2	Officers, Committee/ Board Members	In house ACCESS – appointment of operator
27 February 2019 (morning)	Chartered Institute of Public Finance and Accountancy (CIPFA) Spring Seminar	2	Officers only	https://www.cipfa.org/training/l/lgps-spring-officers-spring-seminar-20190227-london Latest updates on the LGPS and regulations.
27 February 2019 (afternoon)	CIPFA Spring Seminar	2	Local Pension Board members only	https://www.cipfa.org/training/l/lgps-members-spring-seminar-20190227-london Latest updates on the LGPS and regulations.
28 February – 01 March 2019	Local Government Chronicle (LGC) Investment Seminar	4	Officers, Committee/ Board Members	https://investmentseminar.lgcplus.com Keeping the LGPS affordable and accessible through austerity and uncertain times.
1 March 2019	Schroders Trustee Training (Part 1)	2	Officers, Committee/ Board Members	https://www.schroders.com/en/uk/pensions/events/training/schroders-trustee-training-2019-london-part-1-spring/ The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them
22 March 2019	Schroders Trustee Training (Part 2)	2	Officers, Committee/ Board Members	https://www.schroders.com/en/uk/pensions/events/training/schroders-trustee-training-2019-london-part-2-spring/ The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them
13 - 15 May 2019	Pensions and Lifetime Savings Association (PLSA) Local Authority Conference	4	Officers, Committee/ Board Members	https://www.plsa.co.uk/Events-Local-Authority-Conference

26 June 2019	CIPFA & Barnett Waddingham Local Pension Boards' Annual Full Day Event	2	Local Pension Board members only	
2 – 4 July 2019	Local Authority Pension Fund Forum (LAPF) Strategic Investment Forum	4	Chairman of Pension Committee / Officers	https://www.dgpublishing.com/lapf-strategic-investment-forum/
3 - 4 July 2019	Heywood Class Group Annual General Meeting (AGM)	4	Officers	
10 – 12 July 2019	LGC Pension Fund Symposium	4	Officers	https://pensionfund.lgcplus.com
17 July 2019	LGSS Pensions Information Day	2	Officers, Committee/ Board Members	
5-6 September 2019	LGC Investment Summit	4	Officers, Committee/ Board Members	https://investmentsummit.lgcplus.com
25 September 2019	Introduction to the LGPS	2	Officers, Committee/ Board Members	https://www.cipfa.org/training/i/introduction-to-the-lgps-20190925-london Aimed at new or inexperienced officers and elected members this course, based on the CIPFA knowledge and skills framework.
3 October 2019	LGPC Fundamentals Training (Day 1/3)	2	Committee/Board Members	Provides members of Pension Committees and Local Pension Boards with the knowledge and skills to enable them to carry out their duties effectively. Further information to follow.
9 October 2019	LGSS Pensions Information Day	2	Officers, Committee/ Board Members	
11 October 2019	Schroders Trustee Training (Part 1)	2	Officers, Committee/ Board Members	https://www.schrodersevents.co.uk/schroders/frontend/reg/tOtherPage.csp?pageID=573019&ef_sel_menu=10552&eventID=1592 The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them

16 October 2019	Access Investor Day	2	Officers, Committee/ Board Members	
6 November 2019	LGPC Fundamentals Training (Day 2/3)	2	Committee/Board Members	Provides members of Pension Committees and Local Pension Boards with the knowledge and skills to enable them to carry out their duties effectively. Further information to follow.
8 November 2019	Schroders Trustee Training (Part 2)	2	Officers, Committee/ Board Members	https://www.schrodersevents.co.uk/schroders/frontend/reg/tOtherPage.csp?pageID=573019&ef_sel_menu=10552&eventID=1592 The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them.
19 – 20 November 2019	Pension Managers’ Conference	4	Officers	http://www.swcouncils.gov.uk/nqcontent.cfm?a_id=339&tt=swra&eventStatus=list&eventAction=view&eventId=1271
4 – 6 December	LAPFF Annual Conference	4	Officers	http://www.lapfforum.org/events/lapff-conference
18 December 2019	LGPC Fundamentals Training (Day 3/3)	2	Committee/Board Members	Provides members of Pension Committees and Local Pension Boards with the knowledge and skills to enable them to carry out their duties effectively. Further information to follow.
26 February 2020	LGSS Pension Information Day	2	Officers, Committee/ Board Members	

My Ref: LGPS Exit Cap Consultation

Date: 2 July 2019

Please ask for: Mark Whitby

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HM Treasury,
1 Horse Guards Road,
London
SW1A 2HQ

LGSS Pensions
One Angel Square
4 Angel Street
Northampton
NN1 1ED

01604 366537

pensions@northamptonshire.gov.uk

Dear Madam/Sir

**Restricting exit payments in the public sector:
Consultation on the implementation of regulations
Local Government Pension Scheme**

With reference to the consultation launched on 10 April 2019, as Head of Pensions I respond on behalf of both Cambridgeshire County Council and Northamptonshire County Council in their roles as Local Government Pension Scheme (LGPS) administering authorities for the Cambridgeshire Pension Fund and the Northamptonshire Pension Fund respectively.

We are aware that the Local Government Association's (LGA) Head of Workforce has submitted a detailed response setting out very serious concerns regarding the consequences of implementing the policy as set out in the documents issue as part of this consultation and I would like it recorded that both County Councils concur with the LGA's views as expressed in their response, which is attached for reference.

In relation to the 8 specific questions posed in the consultation, I set out below our comments:

Question 1: Does draft schedule 1 to the regulations capture the bodies intended?

Exempting the Secret Intelligence Service, the Security Service, the Government Communications Headquarters and the Armed Forces from scope entirely, rather than excluding specific payments (such as the resettlement payments mentioned) seems at odds with the intention of the introduction of the restriction in exit payments across the entire public sector.

Question 2: Do you agree with the current list of bodies in scope, for the first round of implementation? If not, please provide reasons.

LGA in their response have highlighted potential inequities in the treatment of outsourced employees that are covered by TUPE, those that are not but whose transfers were TUPE-like and those employees not transferred.

Bearing in mind the as yet undecided nature of how the provisions will impact on LGPS benefits and the amendments to the LGPS Regulations and associated actuarial guidance that will be required to implement the Exit Cap provisions, there are significant concerns about the timescale for introduction.

A single implementation date at the point clear and workable Regulations and guidance are in place, and taking into account an appropriate lead time for pension administration and other software providers to reflect what are to be the available benefit options would be our recommendation. A period of nine months from the date The Restriction of Public Sector Exit Payments Regulations 2019 are passed is suggested, so long as relevant amendments to the LGPS Regulations 2013 are made promptly after the Regulations are passed.

Question 3: Do you agree with the exemptions outlined? If not, please provide evidence.

The exemption of the Secret Intelligence Service, the Security Service, the Government Communications Headquarters and the Armed Forces is covered in the response above to Question 1.

Question 4: Does the guidance adequately support employers and individuals to apply the draft regulations as they stand? If not, please provide information on how the guidance could be enhanced.

The major issue from the perspective of an LGPS administering authority is that the LGPS Regulations do not currently provide an appropriate basis for a 'fair' implementation of the restriction in exit payments and they therefore require amendment in order for the provisions to be workable in a practical manner.

The following matters should be addressed to enable smooth and consistent implementation of the changes:

- The calculation of strain costs – at present different LGPS Pension Funds do not use a single set of factors to determine strain costs; in order to provide consistency of approach in relation to the Exit Cap calculation a single set of factors would be required.
- The current compulsion on a LGPS member aged 55 or over to take immediate payment of their LGPS pension if their employment is terminated on grounds of redundancy or business efficiency – with no guarantee that their LGPS benefits will be paid without early payment reductions, due to the prospect of the Exit Cap restriction impacting on the ability of the scheme employer to cover the full strain cost, it is recommended that a member is able to make a choice over whether or not to take payment of their benefits, potentially with a full or a partial early payment reduction applying, or to take a cash payment.
In order to simplify the options available to scheme members and lessen the burden on administrators in presenting and explaining them, it would be helpful to:
 - Prescribe that other exit payments, over and above statutory payments such as the statutory redundancy payment, be capped before any strain cost;
 - Direct that any partial reduction apply proportionately across a member's benefits; and

- Not permit buy-out of a partial reduction unless the member elects for immediate payment of benefits.
- Confirmation of whether a LGPS administering authority has any statutory duty in relation to monitoring its scheme employers are operating within The Restriction of Public Sector Exit Payments Regulations.

Question 5: Is the guidance sufficiently clear on how to apply the mandatory and discretionary relaxation of the regulations, especially in the case of whistleblowers?

While outside of both County Council's administering authority functions I wish to highlight that LGA in their response have expressed the view that health and safety reporting related cases should be included in the mandatory exemption provisions alongside whistleblowing and discrimination cases.

In addition LGA have expressed concerns over the complex and bureaucratic approval processes regarding both mandatory and discretionary relaxation of the cap, as well as identifying inconsistencies between the guidance and Regulations themselves.

There is a need for a process that is both practical and timely, and addresses concerns about requiring approval of Full Council when timings of such meetings may not provide the degree of flexibility, or indeed the protection of an employee's identity when hardship cases are discussed, if this is required at a public meeting.

Question 6: Is there further information or explanation of how the regulations should be applied which you consider should be included in the guidance? If so, please provide details.

Clarification of whether it is the intention that Employer's National Insurance Contributions (NIC) on exit payments in excess of £30,000 from 6 April 2020 will form part of the Exit Payment tested against the Cap would be appreciated.

Question 7: Are there other impacts not covered above which you would highlight in relation to the proposals in this consultation document?

The fact that the sum of £95,000 was originally proposed for the cap when the original consultation was launched in July 2015, the sum remains the same in this consultation that closes in July 2019, and there is no clear indication as to how, or indeed whether, the sum will be indexed over time is a concern. As the illustrative examples in Appendix 1 to the LGA response show, LGPS members on relatively modest annual salaries could be impacted by the cap depending on their length of pensionable service in a way that was perhaps not envisaged.

Like the LGA, both County Councils supports indexation of the cap and also consideration of the introduction of a 'salary floor' below which an employee would not be impacted by the cap.

Question 8: Are you able to provide information and data in relation to the impacts set out above?

The illustrative examples set out in Appendix 1 to the LGA response provide this information.

I trust that this response proves helpful and look forward to the outcome of the consultation in due course.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'M Whitby', with a stylized, flowing script.

Mark Whitby FPMP, CPFA
Head of Pensions
LGSS Pensions

LGF Reform and Pensions Team
Ministry of Housing, Communities and Local
Government
2nd Floor, Fry Building
2 Marsham Street
London
SW1P 4DF

30 July 2019

Dear Sirs,

Local Government Pension Scheme (LGPS): Local Government Pensions Scheme: Changes to the Local Valuation Cycle and the Management of Employer Risk

I am writing to you on behalf of the Cambridgeshire and Northamptonshire Pension Funds to provide our response to the matters covered in the consultation. We have provided answers to those questions of particular concern to the two Funds but would fully endorse the response of our Actuary, Hymans Robertson, concerning questions not addressed in this letter.

Valuation cycle

Question 1 – As the Government has brought the LGPS scheme valuation onto the same quadrennial cycle as the other public service schemes, do you agree that LGPS fund valuations should also move from a triennial to a quadrennial valuation cycle?

The Cambridgeshire and Northamptonshire Pension Funds do not agree with this and are of the opinion that the current local valuation cycle remains appropriate to meet the needs of a funded scheme with a variety of employers. Employers have a wide range of funding needs and present different levels of risk to pension funds with some employers only being in the scheme for a relatively short period of time. Each of these characteristics has a direct bearing on the contribution strategy for an employer.

These factors can quickly change making the current contribution strategy inappropriate. Lengthening the period between valuations could increase the overall financial risk to funds if a contribution strategy is no longer appropriate following a change to the financial covenant of an employer, the length of their participation in the fund or their funding need.

This is a particular concern for smaller employers where movements to just one member can have a material impact on each of these factors. However, the Carillion case shows that this can equally happen to large employers too with a significant impact on LGPS funds.

Contrary to the view expressed in the consultation, we do not believe that a 4 year cycle will reduce volatility in contribution rates for employers but could in fact risk the opposite. If funding positions are allowed to drift as a result of a longer valuation cycle, the contribution changes could be sharper than they otherwise would be in a shorter cycle. Contribution rates are already stabilised to some extent and any changes are usually phased in over the valuation cycle to ensure changes are not too sharp for

employers. If budgeting certainty is a concern, there are other ways that this can be achieved within the current cycle length.

Question 3 - Do you agree the local fund valuation should be carried out at the same date as the scheme valuation?

The Funds do not believe this to be necessary and believe that there is benefit in these being separated, preferably with the scheme valuation being carried out prior to local funding valuations. This would allow any subsequent changes to benefits, following a costing review, to be fully accounted for within the ensuing funding valuations.

Aligning the two valuations on a 4 year cycle would not allow fund actuaries to account for changes to the benefit structure in the funding valuation which could exacerbate the risks described in our response to question 1.

Question 4 - Do you agree with our preferred approach to transition to a new LGPS valuation cycle?

Yes, if the valuation cycle is to be changed, which we disagree with, the preferred approach for transition to the new cycle seems to be the most sensible approach.

Dealing with changes in circumstances between valuations

Question 5 - Do you agree that funds should have the power to carry out an interim valuation in addition to the normal valuation cycle?

We believe that funds should have this power and that there should be discretion to carry out whole or part fund interim valuations, including for individual employers. This would provide greater risk management within the scheme and allow funds to react more swiftly and appropriately to changing employer circumstances and increased risk exposure for the Fund.

Question 7 – Do you agree with the proposed changes to allow a more flexible review of employer contributions between valuations?

We welcome more flexibility to review employer contributions between valuations for the same reasons that we welcome the ability to carry out interim valuations, provided within our response to question 5. We believe that funds should have the ability to review employer contributions of all employer types between valuations. We accept that usually there would be less need to do so for statutory or tax-raising bodies, but through recent experience, there are circumstances where it could be beneficial to review contribution rates for such bodies. During the valuation, contribution strategies are agreed in discussion with employers and based on their circumstances at that time. If there is a material change to those circumstances, it would be helpful to have the flexibility to review the agreed contribution strategy.

Flexibility on exit payments

Question 10 – Do you agree that funds should have the flexibility to spread repayments made on a full buy-out basis and do you consider that further protections are required?

We would welcome extra flexibility to spread repayments made on such a basis. Such flexibility would allow smaller employers to manage their exits in an orderly fashion and avoid the risk of becoming insolvent, when their last active member leaves the LGPS or alternatively by being trapped in a scheme where both the continuing in and exiting the scheme are unaffordable. This would be particularly useful

for so called “Tier 3 employers” who are particularly at risk of such events and for whom there is usually no form of security protecting the fund.

Such flexibility would also provide a level of protection for all other employers in the fund. In an insolvency situation a fund would only receive a fraction of the total pension debt owed. The proposed flexibility would allow funds to collect pension debt over a manageable period and maximise the amount repaid to the fund by avoiding an insolvency situation, thus reducing the future burden on other employers in the fund.

This flexibility should only be offered, at the discretion of the administering authority (and guarantor where appropriate), based on an assessment of the financial covenant of the exiting employer and/or guarantor. Further, interest should be charged at an appropriate rate and the administering authority should have the ability to request additional security be put in place during the repayment period.

Question 11 – Do you agree with the introduction of deferred employer status into LGPS?

Yes, we agree with the introduction of deferred employer status into the LGPS, this would be a useful flexibility for funds for similar reasons to those set out in question 10 and agree that this would be particularly helpful for smaller employers.

Question 14 – Do you agree options 2 and 3 should be available as an alternative to current rules on exit payments?

Yes, the extra flexibility would be welcome. With all three options available to employers an argument could be made that the need for suspension notices is redundant. An employer could simply become a deferred employer until they have a new active member.

Question 15 – Do you consider that statutory or Scheme Advisory Board guidance will be needed and which type of guidance would be appropriate for which aspects of these proposals?

Statutory guidance would be useful but a balance needs to be struck with the ability of funds to manage their own funding and employer risks and to account for other local considerations when taking decisions.

Question 16 – Do you agree that we should amend the LGPS Regulations 2013 to provide that administering authorities must take into account a scheme employer’s exposure to risk in calculating the value of an exit credit?

Yes, we feel very strongly that this should be the case. Risk and reward should flow in the same direction and it is clearly inappropriate for an exiting employer to receive an exit credit when they would not be expected to pay an exit debt.

Furthermore, it should be clear that where the pension risk is held by a non-exiting employer, no exit payment should be made to any employer, particularly to an ongoing employer with an existing deficit. It would clearly also be inappropriate for a fund to release monies to such an employer. We therefore agree with the proposed wording that, in such circumstances, the exit credit should be calculated as nil.

The liabilities and corresponding assets would be pooled with the scheme employer holding the pension risk and therefore, all else being equal, would reduce their deficit which, in our opinion, is a sensible approach.

Question 17 – Are there other factors that should be taken into account in considering a solution?

We are of the view that the exit credit regulations should only apply to new admissions.

For admission agreements entered into prior to the introduction of exit credits, all parties would have entered into admission agreements with an understanding that no exit payment would be made on exit, if a surplus existed. Consequently, as the regulations did not allow it, most risk sharing agreements will be silent on provisions if a surplus exists at the end of the contract. As a result, legal opinion may be required when reviewing risk sharing agreements for cessation cases. If the regulations had existed at the time, a surplus scenario would be explicitly covered within the risk sharing agreement, removing the need for a legal opinion.

Further, had the legislation been in place when such a body joined the LGPS, it may have changed how they were treated throughout their time in the LGPS. The introduction of exit credits effectively changed the risk these employers posed to ceding authorities which may have resulted in significantly different treatment throughout their time in the LGPS.

We are also of the opinion that the current time constraints placed on funds within which an exit credit must be paid is extremely onerous. This is a very short time frame within which a fund must collect required data from an employer to assess their final position, commission and receive a valuation, release assets (in an orderly manner to minimise the cost of doing so) and obtain the required local treasury sign off to release payment. If funds are required to take account of risk sharing arrangements when calculating an exit credit, as we agree they should do, this will certainly make it impossible to meet the three month deadline. Especially if legal interpretation of commercial agreements is required.

We are of the opinion that a longer time frame should be implemented

Employers required to offer LGPS membership

Question 18 – Do you agree with our proposed approach?

We accept that there is certainly justification for considering the nature of participation in the LGPS by the further and higher education sectors. However, we would have concerns over the increased risk to funds, if the statutory obligation to offer LGPS membership were removed.

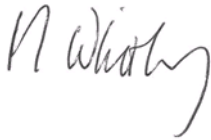
Giving protected status to existing employees is comforting and in our view a fair and sensible approach. However, if such a body were to close the scheme to new entrants, a cessation event would become inevitable through natural staff turnover. It is not uncommon for the liabilities of these bodies to be worth tens of millions of pounds and if such a body were to cease participation in the fund, it is likely that a large deficit would be payable. Given the current financial concerns within the industry, this would increase the risk of insolvency situations and the liabilities being subsumed by all other employers in the fund.

Further, such a proposal would likely increase the costs of participation in the fund for this type of employer. Currently, they are treated similar to other scheduled bodies, as they are viewed as long term employers. If such bodies were no longer required to offer LGPS membership, this would change how funds view them and given the removal of government backing, these bodies would become similar to

smaller tier 3 employers, but with much larger liabilities and therefore higher risk and contribution strategies would be need to reflect their high risk status potentially leading to higher contributions.

Any change to the status of these bodies in the fund would need to be alongside changes to the flexibility available to administering authorities in dealing with ceasing employers and employer debt. However, the high risk nature of these employers could still make long term repayment plans difficult to justify without additional security, which could further increase costs for these bodies.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'M Whitby', with a stylized, cursive script.

Mark Whitby FPMI, CPFA

Head of Pensions

LGSS

On behalf of the Cambridgeshire Pension Fund and Northamptonshire Pension Fund

**LOCAL GOVERNMENT PENSION SCHEME
("LGPS")**

**ADMINISTERING AUTHORITIES
("AAs")**

POTENTIAL TRANSFER OF BUSINESS

O P I N I O N

INTRODUCTION

1. I am instructed by the Local Government Association. My advice is sought on behalf of AAs.

BACKGROUND

2. AAs are required to provide access to an in-house Additional Voluntary Contribution ("AVC") arrangement for their members. All AAs have entered into arrangements with one or more AVC providers.

3. Many AAs appointed Equitable Life as their sole or joint AVC provider.

PRESENT POSITION

4. On 15 June 2018 Equitable Life announced that it has entered into an agreement to transfer its business to Utmost Life and Pensions (“Utmost”).

This requires the approval of the High Court and regulatory approval.

5. In August 2019, Equitable Life wrote to the AAs affected by the proposed transfer to advise them as to their rights to:-

- (1) Object to the transfer; and
- (2) Vote upon consequential and incidental matters.

6. The deadline for receipt of votes is 30 October 2019.

LEGISLATIVE FRAMEWORK

7. Part 1 of the Local Government Pension Scheme Regulations 2013, S.I. 2013/2356, made pursuant to the Superannuation Act 1972, relates to Membership, Contribution and Benefits. Within Part 1, Regulations 9-21 inclusive relate to Contributions. Part 2 relates to Administration, and the responsibilities of AAs. These are broad responsibilities.

8. Regulation 17 is concerned with Additional Voluntary Contributions.

Subsections (1) and (2) of Regulation 17 state:

- “(1) An active member may enter into arrangements to pay additional voluntary contributions (“AVCs”) or to contribute to shared cost additional voluntary contribution arrangements (“SCAVCs”) in respect of an employment.
- (2) The arrangements mentioned in paragraph (1) must be a scheme established under an agreement between the appropriate administering authority and a body approved for the purposes under the Finance Act 2004 (“the AVC provider”), registered in accordance with that Act and administered in accordance with the Pensions Act 2004.”

ADVICE SOUGHT

9. The advice sought is with respect to the three questions set out in a paper before me and an e-mail dated 3 September 2019. I address these questions in the order in which they are raised.

FIRST QUESTION

10. I am asked whether an AA is entitled to vote.
11. My answer is: “Yes”.
12. This is because, in my opinion:-
- (1) It is policy holders who are entitled to vote; and
 - (2) The AAs are policy holders.
13. In my opinion, the AAs are policy holders for this purpose because:-
- (1) The AVC arrangements are established by an arrangement between the AAs and Equitable Life as an AVC provider; and
 - (2) This is indeed pursuant to a statutory requirement.

SECOND QUESTION

14. I am asked whether the AAs have a duty to secure that the value of the additional benefits from AVCs is “reasonable”, having regard to the amount of the voluntary contributions and the value of other scheme benefits.

15. My answer is: “Yes”.

16. This is because, in my opinion:-

- (1) AAs owe fiduciary duties; and
- (2) These duties are owed both to employers and to members.

17. In my opinion, AAs owe fiduciary duties because they administer the financial affairs of others.

18. Further, or alternatively, in my opinion, AAs owe the full range of public law duties. These include to act reasonably, in a Wednesbury sense. See the decision of the Court of Appeal in Charles Terence Estates Ltd v Cornwall County Council (2012) EWCA Civ 143, (2013) LGR 97, (2013) 1 WLR 466, in which I appeared for the County Council.

THIRD QUESTION

19. In relation to AAs exercising their votes, I am asked what risk, if any, they take, in four specified circumstances.

20. In my opinion:-

- (1) It is for AAs as such and as the policy holders to determine how they exercise their votes;
- (2) They cannot and must not abdicate their responsibility in this regard;
- (3) In particular, they must not allow themselves to be dictated to by scheme members;
- (4) They may be liable if they act unreasonably;
- (5) They will not however generally be liable if they act reasonably.

21. That, however, leaves the question whether there are any processes that they should follow before they determine how to vote and in order to assist that determination.

22. Communication with scheme members would in my view be prudent, because:-

- (1) Wednesbury reasonableness includes having regard to all relevant considerations and/or the Tameside public law duty may apply; and
- (2) Scheme members may have something relevant to contribute.


23. There is not, however, in my opinion, any legal basis for a duty going beyond the foregoing to consult with scheme members.

GENERALLY

24. I shall be happy to discuss any point that may arise.

11 King's Bench Walk
Temple EC4Y 7EQ

goudie@11kbw.com



JAMES GOUDIE QC
6 September 2019

**LOCAL GOVERNMENT PENSION
SCHEME
("LGPS")**

**ADMINISTERING AUTHORITIES
("AAs")**

POTENTIAL TRANSFER OF BUSINESS

OPINION

SG
06/09/19

Thelma Stober

Local Government Association

CAMBRIDGESHIRE PENSION FUND



Pension Fund Committee

Date: 10th October 2019

Report by: Head of Pensions

Subject:	Pension Fund Annual Business Plan Update report 2019/20
Purpose of the Report	To present the Pension Fund Business Plan Update for the period from 1st July to 30th September 2019 to the Pension Fund Committee.
Recommendations	<p>The Pension Fund Committee are asked to</p> <p>1) Note the Pension Fund Business Plan Update for the period ending 30th September 2019 of the 2019/20 financial year</p> <p>2) Approve the additional expenditure proposed to complete the contracted-out liabilities reconciliation project (2.2.4)</p>
Enquiries to:	Joanne Walton, Governance and Regulations Manager jwalton@northamptonshire.gov.uk

1. Background

- 1.1 Good governance requires that updates to the pre-agreed Annual Business Plan and Medium-Term Strategy are provided to the Committee on a regular basis. This update highlights the progress made on the key activities for the period up to 30th September 2019 of the 2019/20 Business Plan, which was approved by the Pensions Committee on 28th March 2019.
- 1.2 A full list of the key activities for the 2019/20 financial year can be found in **appendix 1** of this report.

2. Key Pension Fund Activities

2.1 Service Delivery (SD)

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

2.1.1 SD1 - Monitor staffing levels in line with organisational reform

Action: Keep under review the ability to recruit and retain staff during the forthcoming period of organisational reform with regards to the future shape of LGSS and local government in Northamptonshire anticipated in 2021. The Pension Fund Committee will be kept informed of all developments in this area.

Update: No issues at present – Operations team has now reached full establishment.

Key Milestones:

All actions to be completed for Q1 to Q4 April 2019 to March 2020 – **On target for completion**

2.1.2 SD2 – Retain Customer Service Excellence standard accreditation

Action: Retain Customer Service Excellence (CSE) Standard accreditation and develop and implement Action Plan from feedback received.

Update: A re-assessment of the Customer Service Excellence (CSE) standard accreditation has been undertaken and LGSS Pensions achieved full compliance in all 57 areas including four areas being assessed as compliance plus. By utilising the online resources available, service standards will be monitored quarterly going forward. Any improvements that are made within a particular quarter will be submitted to the assessment service throughout the year for a more accurate and timely review.

Key Milestones:

- Full assessment Q2 August 2019 – **Completed**
- Develop and implement action plan Q3 November 2019 – **on target for completion.**

2.2 Governance and compliance (GC)

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
GC1	Procure a supplier of specialist legal advice			✓A			
GC3	Obtain proof of continued existence of scheme members residing overseas		✓G				
GC5	Deliver actions stemming from the review of the Fund's Additional Voluntary Contribution providers		✓G				
GC7	Complete the Guaranteed Minimum Pension reconciliation project with rectification of members records			✓G			

2.2.1 GC1 – Procure a supplier of specialist legal advice

Action: The Fund needs to procure its own supplier of Legal Services that has a specialism in pensions and investment law. As such the National LGPS Framework for Legal Services will be used to conduct the procurement to avoid a full OJEU procurement process. It is proposed that the procurement is undertaken jointly with Northamptonshire Pension Fund to benefit from economies of scale as has been achieved with other joint procurements.

Update: Commencement has been delayed until Q3 due to the need for staff involvement in an urgent illiquids consultancy procurement for the ACCESS pool. Still on target for an overall Q4 completion.

Key Milestones:

- Produce specification Q2 September 2019 – **Move to Q3 October 2019**
- Publish tender Q3 October 2019 – **Move to Q3 November 2019**

2.2.2 GC3 - Obtain proof of continued existence of scheme members residing overseas

Action: The Fund's Anti-Fraud and Corruption policy states that an exercise will be undertaken to prove the continuing existence of scheme members residing overseas every 2 years, to ensure pensions continued to be paid to the correct and eligible recipient.

Update: It was initially planned to use Western Union's Proof of Existence service to conduct this exercise as was the method in 2017. When undertaking a review of the terms and conditions of this service, LGSS Pensions, the Fund's legal advisors and the administering authority's Information Governance Team were uncomfortable with the position taken by Western Union with regards to the General Data Protection Regulation (GDPR). Western Union believed their GDPR responsibilities were limited to that of a Data Controller when the view of the administering authority was that Western Union were a Data Processor; a role that is accountable for any data breaches and their associated penalties. Attempts were made to negotiate with Western Union but no change of position could be agreed and given the risks associated with operating outside of the EEA, as would be the case for a number of members within the scope of this project, it was decided not to proceed.

Instead the alternative method will involve LGSS Pensions sending a proof of existence certificate to all pensioner members that reside overseas. The certificate will require a witness in the form of a suitable government official.

Key Milestones: (amended due to change in process)

- Prepare communications to members Q2 September 2019 – **Completed**
- Commence process with members Q3 November 2019 **On target for completion**

2.2.3 GC5 - Deliver actions stemming from the review of the Fund's Additional Voluntary Contribution (AVC) providers

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

Update: A report detailing the review was presented to the Pension Fund Committee in July 2019. No further action was required other than to respond to Equitable Life's proposal on the transfer of business to Utmost Life and Pensions. Further information on this is in the Governance and Compliance report to be presented at this meeting.

Key Milestones: The review of the Fund's AVC providers is now complete.

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

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

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

Update: A direct award was made to ITM Limited to complete the rectification stage of this project in April 2019. HMRC are still processing the queries raised during the reconciliation stage of this project, however work is underway on the next stage with agreeing the specification for rectification of pensions that need amending. Further information can be found in the Data Improvement Plan update report that is to be presented at this meeting.

Additional resources required: In November HMRC will be releasing a final report detailing all the member's for whom they believe the Fund should have liability for. This report will need to be cross referenced against the data held by the Fund to identify any non-member liabilities that may have erroneously been transferred from other pension schemes during their reconciliation. It is proposed that ITM Limited will undertake this activity for an additional fee of £9,000. It should be noted that this piece of work was not expected to be needed as it was thought that HMRC would not produce this final report.

In addition, in order for the rectification of pensions to be undertaken in an systematic and automated manner as opposed to time consuming manual data entry, it is proposed to purchase a 1 year license from Heywoods (the pensions and payroll administration software provider) to obtain access to the interfaces that will facilitate the pension amendments required. The Fund's share of this purchase will be approximately £12,500.

Key Milestones: (amended due to delays with HMRC)

Completion of reconciliation stage was scheduled for Q1 April 2019 but is still ongoing due to delays with processing queries by HMRC - **ongoing**

Direct award contract for rectification Q1 April 2019 – **Completed**

Planning and testing, verification of results Q1-Q4 April 2019 to February 2020 – **On target for completion** depending on HMRC's ability to provide responses to all queries raised.

2.3 Communications, Systems and Employer Management (CSEM)

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
CSEM2	Develop and implement a digital communications strategy	✓G					
CSEM4	Implement monthly data collection for all employers	✓G					
CSEM5	Manage the 2019 valuation	✓G					

2.3.1 CSEM2 - Develop and implement a digital communications strategy

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

Update: A draft digital communications strategy has been developed and presented to the Local Pension Board for pre-scrutiny in October 2019. Due to the need to prioritise the production and delivery of annual benefit statements, the development of the strategy has been slightly delayed and it is now expected that the Pension Fund Committee will be presented with the strategy in December for approval.

Key Milestones:

- Induct new Communications Officer into the team Q1 April to May 2019 – **Completed**
- Set the objectives for digital communication Q1 May 2019 – **Completed**
- Produce the digital communication strategy Q2 June to July 2019 – **Completed**
- Pension Fund Committee to approve the digital communication strategy Q3 October 2019 – **Completion date moved to December 2019**

2.3.2 CSEM4 – Implement monthly data collection for all employers

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

Update: The migration of smaller employers to the online i-connect portal is on track for completion by 31st December 2019 as planned. The deadline for migration of existing large employers to the i-connect extract has been extended to 31st March 2020. The purpose of the extension is to assist employers with the implementation of required changes to their payroll systems to enable the required extract and to allow sufficient testing of the output. It also allows those employers who are in the process of implementing new payroll software to incorporate the development of the extract into work planning.

Key Milestones:

- Cease issuing old data collection interfaces to new employers Q1 April 2019 – **Completed.**

- Migrate existing small employers to the online i-connect portal Q1-Q3 April to December 2019 – **On target for completion**
- Migrate existing large employers to monthly i-connect extract Q2-Q3 September to November 2019 – **Completion date moved to 31st March 2020.**

2.3.3 CSEM5 – Manage the valuation

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

Update: Membership data has been provided to the Actuary and data queries have been responded to. Whole Fund results have been provided based on this data and are being presented to the Pension Fund Committee at this meeting as planned. A draft Funding Strategy Statement has also been produced and approval from the Pension Fund Committee is required to issue the document for consultation. Once approved, the Actuary will proceed with calculating draft employer results to be issued alongside the strategy for consultation.

Key Milestones:

- Carry out pre-valuation data activities Q1 April to June 2019 – **Completed**
- Actuary carry out the Valuation Q2 July to August 2019 – **Completed**
- Draft the Fund's Funding Strategy Statement Q2 September 2019 - **Completed**
- Funding Strategy Statement to be approved by the Committee Q3 October 2019- **Completed**
- Issue whole Fund valuation results Q3 October 2019 – **On target for completion**

2.4 Operations (OPS)

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

2.4.1 OPS1 – Processing of undecided leavers

Action: The Fund has a number of undecided leaver records where a member has left a period of pensionable employment, is not entitled to immediate payment of pension benefits, but is entitled to either a refund of contributions, aggregation with another period of pensionable membership and/or a deferred pension award.

Update: Please refer to the Data Improvement Plan Update report to be presented at this meeting.

Key Milestones:

- Process outstanding Refund and Single DB cases Q3 October 2019 – **On target for completion**
- Process Multi DB casework Q3 November 2019 – **On target for completion**

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

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

Update: An internal Key Performance Indicator (KPI) process has been designed and implemented on a trial basis which monitors the customer experience from the point that the individual first contacts the fund. The process measures how efficiently the administration function assesses the query, ensuring that all key information has been received within the target of 5 working days. The customer journey experience was first trialled in the retirements team and is currently being reviewed for implementation from October 2019.

Key Milestones:

- Design the process of reporting the KPIs Q1 – Q2 April 2019 to September 2019 – **Completed.**
- Identify the processes which will be evaluated first Q3 October to December 2019 – **Completed.**

2.5 Investments and fund accountancy (IA)

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
IA2	Implement the strategic asset allocation		✓				
IA4	Extend global custody contract for 2 years		✓				
IA6	Implement online payment platform for employers' contribution payments			✓			
IA11	Implement the Local Economic Development Fund		✓				

2.5.1 IA2 – Implement the strategic asset allocation

Action: The 15th February 2019 Investment Sub Committee agreed the asset allocation changes to be presented to the 28th March Pension Fund Committee for approval and adoption. The implementation of the revised strategic allocation is as follows.

Update: Review of equity options was considered by the Investment Sub Committee in September 2019. It was agreed to transition the UK active mandate to passive global to protect valuations in the current political economic climate. An additional Investment Sub Committee date for November or December is being arranged to receive presentations from three global managers and an emerging markets manager for potential subscription within the asset pool.

Key Milestones:

- Implement infrastructure mandates Q2 July to September 2019 – **Completed**
- Implement revised equity mandates Q3 October to December 2019 – **On target for completion**
- Review fixed income strategy Q3 October to December 2019 – **On target for completion**

2.5.2 IA4 – Extend global custody contract for 2 years

Action: The Pension Fund Committee has approved a contract extension of two years for the Fund's global custody contract with Northern Trust. This extension ran from the expiry of the initial contract term on 30 September 2019. This extended contract will provide time for ACCESS partners to undertake a collective procurement for a successor global custody services supplier.

Update: Extension agreed with the Custodian. Formal documentation was signed by 30th September 2019.

Key Milestones:

- Extend contract Q2 July to September 2019 – **Completed.**

2.5.3 IA6 – Implement online payment platform for employers' contribution payments

Action: To implement an online payment platform for receiving contribution payments more efficiently into the Pension Fund bank account. This platform will enable online input, validation and payment of scheme employer contribution payments as well as auto-reconciliation of the payments once received. Design and implementation of the payment solution commenced in the 2018-19 year as an additional activity to the Business Plan.

Update: The system has been fully tested and the online form and data export is ready to go live. The system was initially unable to indicate the outcome of a payment i.e. whether a payment had successfully been paid and this issue is likely to be resolved by the middle of October 2019.

Key Milestones:

- Implementation of solution Q1 April to June 2019 – **Completed**
- Platform live with test party Q2 July to September 2019 – **Completed**
- Launch platform to all employers Q3 October to December 2019 – **On target for completion.**

2.5.4 IA11 – Implement the Local Economic Development Fund

Action: The 14th February Investment Sub Committee approved the investment in a Local Economic Development Fund (LEDF) managed by Foresight Group. The Fund will engage with professional third party advisers to perform commercial and legal due diligence procedures and work with Foresight to develop the detailed investment guidelines and Governance framework before seeking approval of the Investment Sub Committee to launch the LEDF.

Update: Agreements with Foresight have been signed and the LEDF was launched in September. Foresight have appointed the first dedicated Cambridge staff and taken a lease on local premises

Key Milestones: The implementation of the Local Economic Development Fund is now complete.

3. Relevant Fund objectives

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

4. Risk Management

- 4.1 The Pension Fund Committee approves the Annual Business Plan and Medium-Term Strategy every March for the upcoming year. The plan highlights the key activities of the Fund and the progress of these activities are reported through the Business Plan Update reports provided to the Pension Fund Committee and Pension Fund Board at every meeting.
- 4.2 The risks associated with failing to monitor progress against the Business Plan have been captured in the Fund's risk register as detailed below.

Risk No.	Risk	Residual risk rating
7	Those charged with the governance are unable to fulfil their responsibilities effectively	Green
13	The scheme would not be administered in line with regulations and guidance	Green
15	Pension Fund objectives not defined and agreed	Green

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

5. Communication Implications

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

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

7. Legal Implications

7.1 Not applicable

8. Consultation with Key Advisers

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

9. Alternative Options Considered

9.1 Not applicable

10. Background Papers

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

11. Appendices

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

Checklist of Key Approvals	
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 23 rd September 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 19 th September 2019
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers– 23 rd September 2019
Has this report been cleared by Monitoring Officer?	Fiona McMillan – 26 th September 2019

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

Service Delivery

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

Governance and Compliance

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

Communications, Systems and Employer Management

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

Operations

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

Investments and fund accountancy

Reference	Key action/task	2019/20				Medium term	
		Q1	Q2	Q3	Q4	2020/21	2021/22
IA1	Continue development of the asset pool	✓			✓		
IA2	Implement the strategic asset allocation		✓				
IA3	Implement the cash management policy	✓					
IA4	Extend global custody contract for 2 years		✓				
IA5	Re-tender collaboratively with ACCESS for global custody services					✓	
IA6	Implement online payment platform for employers' contribution payments		✓				
IA7	Re-tender for investment consultancy services				✓		
IA8	Re-tender for the independent adviser role			✓			
IA9	Complete sign up to the responsible investment stewardship code				✓		
IA10	Consider multi-fund investment strategies	✓		✓			
IA11	Implement the Local Economic Development Fund		✓				

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Committee

Date: 10th October 2019

Report by: Head of Pensions

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

1. Background

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

2. Data Improvement Plan Activities

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

2.1.1 Resolution of awaiting entry records to correct membership status

Purpose of activity: To ensure that all members showing as awaiting entry on the pensions administration system are genuine, and to convert to the appropriate membership status where this is not the case.

Original timescale for action: 01/04/2019 – 31/03/2020

Revised timescale for completion: 01/09/2019 – 31/03/2020

Update: Work has commenced on this project and at the early stages it has been identified that a number of these records belonged to employees that were automatically enrolled and subsequently opted without paying any pension contributions and so the records require deletion.

Future milestones: Work will continue until all records have been dealt with appropriately.

2.1.2 Rectification of pensions increase errors

Purpose of activity: To resolve inaccurate pensions in payment on the pensioner payroll due to incorrect Pensions Increase being applied following the migration of the pensioner payroll in 2017.

Original timescale for action: 01/12/2018 – 28/02/2019

Revised timescale for completion: 01/04/2019 – 31/08/2019

Update: Completed - all variances above £100 per annum in value have been fully rectified.

Future milestones: Variances of less than £100 per annum will be resolved as part of the pensioner payroll vs pensions administration system reconciliation for pensions with a variance of less than £100 per annum (to be addressed in the 2020/21 Annual Business Plan and Medium Term Strategy).

2.1.3 Resolution of common data fails

Purpose of activity: To resolve common data fails identified in the 2018 data audit.

Original timescale for action: 01/01/2019 – 31/03/2019

Revised timescale for completion: 01/01/2019 – 31/07/2019

Update: 17.79% of records had at least one common data error identified during the 2018 data audit. Work has been undertaken to rectify errors of duplicate, missing or temporary national insurance numbers, missing or inconsistent gender, forenames and initials, reducing the number of errors by 9.59% to 8.2%. The remaining errors will be resolved through the project detailed in 2.1.4.

Future milestones: The total number of errors will be re-baselined when the results of the 2019 data audit are received in late October 2019.

2.1.3 Resolution of scheme specific data fails

Purpose of activity: To resolve the scheme specific data fails identified in the 2018 data audit.

Original timescale for action: 01/01/2019 – 31/03/2019

Revised timescale for completion: 01/06/2019 – 31/03/2020

Update: 26.87% of records had at least one scheme specific data error identified in the 2018 data audit. These errors will have been reduced through the project detailed in 2.1.4.

Future milestones: The total number of errors will be re-baselined when the results of the 2019 data audit are received in late October 2019.

2.1.4 Resolution of unprocessed leaver records

Purpose of activity: To process all the unprocessed leaver benefits in accordance with the member's entitlement under the LGPS regulations.

Original timescale for action: 01/01/2019 – 31/12/2020

Revised timescale for completion: 01/01/2019 – 31/03/2021

Update: Progress on this activity was previously reported against 4 categories of ring-fenced backlog: Refunds; Deferred (single case); Deferred (multiple cases) and Amalgamations. In practice cases remain in the ring-fenced backlog but can move between categories from month to month. Progress will therefore be reported on an aggregate basis.

From the baseline position 1,486 unprocessed leaver cases have now been completed.

Category	Total
Baseline (July 2018)	5,823
August 2019	4,337

Future milestones: Please refer to table below.

Activity description	Start Date	Due Date	Completed	Comments	RAG Status
Process approx. 1,000 Multi DB cases.	May 19	Jan 20		Being processed by Aon Hewitt. Due date delayed due to system issues and process design delays.	A
Process other backlog cases alongside BAU	Aug 19	Jan 20		Using available internal resource	G
Design and implement processing solution for remaining backlog	Jan 20	Mar 21		Requires outcomes from Multi DB processing.	A

2.1.5 Contracted-out liabilities reconciliation

Purpose of activity: To compare contracted-out liabilities held on scheme records with that held by HMRC.

Original timescale for action: All queries to be submitted to HMRC by 31/12/2018 – completed.

Revised timescale for completion: HMRC are still in the process of resolving queries, despite previous targets dates for completion of April and June 2019.

Update: The percentage of queries outstanding with HMRC is 7.46%. The percentage of queries that HMRC has responded to and are yet to be processed by ITM Limited is 3.93%.

Future milestones: Planning for the rectification stage of this project as detailed in 2.1.6 has commenced.

2.1.6 Contracted-out liabilities rectification

Purpose of activity: To correct any variances to pensions in payment as a result of the activity detailed in 2.1.5.

Timescale for action: Amendments to pensions will be made in March 2020.

Update: Despite the delays in HMRC processing the remaining queries the project to rectify any pensions in payment as a result of a corrected contracted-out liability being received will still progress as planned, by ITM Limited, based on the data that is ready to be processed. Data that is received after January 2020 will be processed manually rather than through ITM Limited's automated mechanism. Planning and testing has already commenced ready for corrected data to be applied to the March pension payment. Members who will see a change to their pension will be notified in early February.

Future milestones: The number of members whose pension requires amendment is expected to be known by December 2019 and this will be reported to the Pension Committee accordingly.

2.1.7 Member tracing and mortality screening

Purpose of activity: To ensure all membership records where a liability is held has a current home address or is marked as gone away where attempts to trace the member have been unsuccessful (excluding active members as the employer is required to update the Fund with changes of address).

Timescale for action: The contract with Accurate Data Services commenced in June 2019. Address tracing is expected to complete by 30 November 2019 and mortality screening will be conducted monthly for the duration of the 2 year contract.

Update: 52,861 deferred, frozen, pensioner and dependant member records were submitted through the first stage of the tracing services. 11,429 members were confirmed as living at the address held by the Fund and 164 members were confirmed to have died. All of the 164 members identified as deceased already had their pension payments suspended due to either a past payment being rejected by the bank or post had been returned undelivered. In these cases we had not been able to establish contact with the member's representative.

The remaining 40,063 members were processed against a specialist automated database and a further 19,255 members were confirmed as living at the address held, 6,850 members were confirmed as living at a new address. This left 13,958 cases to be manually traced. There were a further 1,205 records that were deemed unsuitable for the automated process and therefore these were not included at this stage.

6,078 of the 13,958 low confidence cases were put through the manual tracing process due to the higher costs of this service. 1,483 members were confirmed as living as stated, 483 members were confirmed as living at a new address and 43 members were confirmed as deceased, of which only one pension was in payment and this has now been suspended. Decisions surrounding the additional cases to go through the manual basic service are yet to be made due to the low success rate and to ensure the benefits of the tracing outweigh the costs. Members that infrequently make financial transactions because they have no mortgage or utility bills in their name fall into the categories of low confidence and are unlikely to be traced at their current address at any level of service other than forensic where costs significantly increase.

Verification will be considered for members that are unable to be traced through any tracing service and this will involve members being contacted at the address currently held for them and invited to follow a secure robust process to confirm their identity and address.

Future milestones: Decisions on verification will be made on the members that are not possible to trace through manual methods will be made by 31 October 2019 and the Pension Fund Committee will be advised accordingly.

3. Relevant Fund objectives

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

4. Risk Management

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

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

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

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

5. Communication Implications

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

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

7. Legal Implications

7.1 Not applicable

8. Consultation with Key Advisers

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

9. Alternative Options Considered

9.1 Not applicable

10. Background Papers

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

11. Appendices

11.1 Appendix 1 – Data Improvement Activities

Checklist of Key Approvals	
Is this decision included in the Business Plan?	No
Will further decisions be required? If so, please outline the timetable here	No
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 23 rd September 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 17 th September 2019
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 23 rd September 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 26 th September 2019

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

Key action/task	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20
Resolution of awaiting entry records to correct membership status											✓	✓	✓	✓	✓	✓	✓
Resolution of unprocessed leaver records	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Contracted out liabilities reconciliation	✓	✓															
Contracted out liabilities rectification – duration to be confirmed following end of reconciliation stage			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rectification of Pensions Increase errors						✓	✓	✓	✓	✓							
Pensioner Payroll vs Pensions Administration reconciliation and rectification	✓	✓	✓	✓	✓												
Member tracing and mortality screening – duration to be confirmed following procurement process			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Resolution of common data fails identified in the 2018 Data Audit			✓	✓	✓												
Resolution of scheme specific data fails identified in the 2018 Data Audit								✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

CAMBRIDGESHIRE PENSION FUND



Pension Fund Committee

10th October 2019

Report by: Head of Pensions

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

1. Background

- 1.1 One of the core functions of the Pension Fund Committee 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 Committee.

2. Administration Reporting

2.1 Variances against the forecast of investments and administration expenses

- 2.1.1 The tables in **appendix 1** provide an update of the Fund account, investment and administration income and expenditure against the cash flow projection outlined in the Annual Business Plan as agreed by the Pension Fund Committee in March 2019.

2.2 Key Performance Indicators – LGSS Pensions

- 2.2.1 The Pension Fund Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of LGSS Pensions.
- 2.2.2 For the period 1st May to 31st August 2019 the Fund has met all targets with the exception of three. The detail surrounding the performance of the service can be found in **appendix 2**.

2.3 Receipt of Employee and Employer Contributions

- 2.3.1 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.

2.3.2 The table in **appendix 3** 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 1st August 2018 to 31st July 2019

2.3.3 Details of late paying employers for April, May, June, and July 2019 can be found in the **private and confidential appendix (appendix 4)** of the report.

2.4 Breaches of the Law

2.4.1 There are many and various laws relating to the Local Government Pension Scheme, with many and various people 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.

2.4.2 Breaches that have been identified for the period 1st May – 31st August 2019 have been listed below (please note – this excludes late payment of contributions as this is covered in appendix 3 and 4) –

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	None
Non Material Breaches	Two annual benefit statements were not issued to active members by the statutory deadline of 31 st August 2019 due to the records needing further investigation with the respective employers (24,512 were issued to members by the statutory deadline).	The affected members have been contacted and will receive their annual benefit statement by 31 st October 2019. This breach has been entered onto the breaches log and deemed not to be of material significance to report to the Pensions Regulator.

2.5 Internal Dispute Resolution Procedure

2.5.1 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.

2.5.2 Cases within the IDRP process as at 31st August 2019 can be found in the tables below:

2.5.3 Stage 1 disputes:

	Administering Authority*	Stage 1 Decisions: N/A
No. of disputes brought forward from 2018/19:	0	
No. of disputes raised as at 31 st August 2019:	0	
No. of disputes resolved as at 31 st August 2019:	0	
No. of disputes in progress as at 31 st August 2019:	0	

*Please note that the Administering Authority is not always aware of stage 1 employer disputes.

2.5.4 Stage 2 disputes:

	Scheme Employer	Admin Authority	Stage 2 Decisions: Both resolved disputes concerned recovery of an overpayment of pension. Neither complaint was upheld
No. of disputes brought forward from 2018/19:	1	2	
No. of disputes raised as at 31 st August 2019:	2	1	
No. of disputes resolved as at 31 st August 2019:	0	2	
No. of disputes in progress as at 31 st August 2019:	3	1	

2.5.5 Disputes escalated to The Pensions Ombudsman (TPO)

	Scheme Employer	Admin Authority	TPO Decisions: None
No. of disputes brought forward from 2018/19:	2	1	
No. of disputes raised as at 31 st August 2019:	0	0	
No. of disputes resolved as at 31 st August 2019:	0	0	
No. of disputes in progress as at 31 st August 2019:	2	1	

3. Relevant Pension Fund Objective

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

4. Risk Management

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

4.2 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
5	Information may not be provided to stakeholders as required.	Green
7	Those charged with governance are unable to fulfil their responsibilities effectively	Green
16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making	Green

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

5. Communication Implications

Direct communications	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.
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6. Finance & Resources Implications

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

7. Legal Implications

7.1 Not applicable

8. Consultation with Key Advisers

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

9. Alternative Options Considered

9.1 Not applicable

10. Background Papers

10.1 Not applicable

11. Appendices

11.1 Appendix 1 Variances against the forecast of investments and administration expenses

11.2 Appendix 2 Key Performance Indicators – LGSS Pensions

11.3 Appendix 3 Receipt of Employee and Employer Contributions

11.4 Appendix 4 Late payments of employee and employer contributions (private and confidential)

Checklist of Key Approvals	
Is this decision included in the Business Plan?	No
Will further decisions be required? If so, please outline the timetable here	No
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 23 rd September 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 16 th September 2019
Has the Chairman of the Pension Committee been consulted?	Councillor Rogers – 23 rd September 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 26 th September 2019

Appendix 1 – LGSS Pensions Administration Report

Variances against the forecast of investments and administration expenses – based on original setting of assumptions

Fund Account	2019-20 Estimate	2019-20 Forecast	Variance	Comments
	£000	£000	£000	
Contributions	131,000	131,000	0	
Transfers in from other pension funds	4,200	4,200	0	
Total income	135,200	135,200	0	
Benefits payable	-105,000	-105,000	0	
Payments to and on account of leavers	-9,100	-9,100	0	
Total Payments	-114,100	-114,100	0	
	21,100	21,100	0	
Management Expenses	-10,040	-8,589	-1,451	See analysis below
Total income less expenditure	11,060	12,511	-1,451	
Investment income	36,000	36,000	0	
Taxes on income	-	-	-	
Profit and (losses) on disposal of investments and changes in the market value of investments	84,000	84,000	0	
Net return on investments	120,000	120,000	0	
Net increase/(decrease) in the net assets available for benefits during the year	131,060	132,511	1,451	

Management Expenses	2019-20 Estimate	2019-20 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	-2,930	-2,965	-35	See analysis below
Total Governance Expenses	-550	-633	-83	Actuary fees understated (McCloud)
Total Investment Invoiced Expenses	-6,560	-4,991	1,569	Investment cost overstated
Total Management Expenses	-10,040	-8,589	1,451	

Administration Expenses Analysis	2019-20 Estimate	2019-20 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	-1,400	-1,400	0	
Altair System and payroll system	-310	-310	0	
Data Improvement Projects	-440	-440	0	
Communications	-30	-30	0	
Other Non-Pay and Income	-120	-120	0	
County Council Overhead Recovery	-630	-665	-35	External overheads have increased
Total Administration Expenses	-2,930	-2,965	-35	

Appendix 2 - Key Performance Indicators – LGSS Pensions May, June, July and August 2019

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%	May: 179 June: 97 July: 216 August: 239	178 97 193 236	1 0 23 3	99% 100% 89% 99%	Green Green Amber Green	SLA target met SLA target met SLA target not 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%	May: 28 June: 24 July: 52 August: 29	27 23 46 29	1 1 6 0	96% 96% 88% 100%	Green Green Amber Green	SLA target met SLA target met SLA target not met* SLA target met
Award dependant benefits – Statutory	Issue award within 5 working days of receiving all necessary information.	95%	May: 15 June: 29 July: 37 August: 28	15 29 37 28	0 0 0 0	100% 100% 100% 100%	Green Green Green Green	SLA target met SLA target met 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%	May: 60 June: 87 July: 153 August: 103	58 82 148 95	2 5 5 8	97% 94% 97% 92%	Green Green Green Green	SLA target met 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%	May: 9 June: 25 July: 32 August: 18	9 23 32 18	0 2 0 0	100% 92% 100% 100%	Green Amber Green Green	SLA target met SLA target not met** SLA target met 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%	May: 16 June: 9 July: 3 August: 11	16 9 3 11	0 0 0 0	100% 100% 100% 100%	Green Green Green Green	SLA target met SLA target met SLA target met SLA target met

*Below SLA target but number completed within the SLA is within 10% of the SLA target. Missed target due to high volume of work alongside pension administration system issues. The system issues have now been resolved.

**Below SLA target but all within statutory target of 2 months of request. Missed target due to a training issue which has now been resolved and will continue to be monitored.

- 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.

Appendix 3 - 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
August 2018	98.4	1.6	98.5	1.5
September 2018	99.5	0.5	97.2	2.8
October 2018	99.3	0.7	96.7	3.3
November 2018	100	0	99.6	0.4
December 2018	99.3	0.7	99.4	0.6
January 2019	99.8	0.2	99.6	0.4
February 2019	100	0	99.6	0.4
March 2019	99.4	0.6	98.4	1.6
April 2019	98.5	1.5	97.0	3.0
May 2019	97.6	2.4	98.0	2.0
June 2019	99.6	0.4	100	0
July 2019	98.7	1.3	95.9	4.1
Average for period	99.2	0.8	98.3	1.7

Cambridgeshire Pension Fund



Pension Fund Committee

Date: 10th October 2019

Report by: Head of Pensions

Subject:	Risk Monitoring – Six month review
Purpose of the Report	To present the Cambridgeshire Pension Fund Risk Monitoring Report
Recommendations	The Committee are asked to review the current risks facing the Fund
Enquiries to:	Michelle Oakensen, LGSS Governance Officer, moakensen@northamptonshire.gov.uk

1. Background

- 1.1 The Cambridgeshire Risk Strategy and Risk Register were reviewed and approved by the Pension Fund Committee on 28th March 2019.
- 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:
<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice>

2. Recommendations made by the Pension Fund Board

- 2.1 At the meeting of the 3rd May 2019, the Pension Fund Board reviewed the risk register and the following changes were subsequently applied -

Risk	Current Risk Wording	New Risk Wording
6	Inappropriate Investment Strategy is adopted.	The Investment Strategy's risk reward profile does not match the requirements of the Fund.
24	Adequate controls are not in place for the production of accounts, notices, publications and management reports.	Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage.

25	A Data Improvement Policy and Plan are not in place and adhered to.	Incorrect/poor quality data held on the Pension Administration and Payroll platforms leading to incorrect information being provided to members and stakeholders.
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- 2.2 At the meeting of the 5th July 2019, a short term risk section was introduced to the report to ensure that the detail of the short term risks were captured without compromising the high level intent of the risk register.
- 2.3 The first short term risk identified was to highlight the potential risk that, pending outcome of the McCloud judgement whereby a challenge was successfully made on the application of transitional protection following the introduction of the LGPS 2014 as being age discriminatory, there is a risk to all LGPS Funds that if the government's appeal against the decision is not upheld and communicated prior to 31 August 2019, the 2019 valuation of the Fund and each employers liabilities may be incorrectly valued resulting in the calculation of inappropriate contribution rates being set.
- 2.4 Risk 18, 'actual experience materially differs from actuarial assumptions used at each valuation' covers the high level risk as the liability will be a factor in the 2019 valuation but it was felt appropriate to highlight this to the Board to monitor.
- 2.5 At the meeting of 4th October 2019, following an action to review cybercrime, the Board were presented with an amendment to risk 12 and the mitigation. A new risk was also recommended to be added on climate change as detailed below -
- Pension Fund systems and data may not be secure and appropriately maintained has been enhanced by adding including cyber risk.
 - The mitigation of 'training to Officers on cyber resilience' to be enhanced as follows – 'Compulsory online training for LGSS Officers on Cyber Resilience and Data Protection'.
 - A risk was included on climate change to highlight the potential change to the Fund's investments.
- 2.6 In addition, the risk of Brexit and potential asset volatility was added to the short term risk section.
- 2.7 A verbal update at the meeting will be provided as to whether the amendments were adopted and any other risks discussed due to the close proximity of the meetings.

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 No	Risk mitigated	Residual risk
9	Failure to understand and monitor risk and compliance	Green
16	Failure to provide relevant information to the Pension 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

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

- 8.1 Not applicable.

9. Consultation with Key Advisers

- 9.1 None

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 –
<https://pensions.cambridgeshire.gov.uk/app/uploads/2019/04/Cambridgeshire-Risk-Strategy.pdf>

12. Appendices

12.1 Appendix 1 - The Cambridgeshire Pension Fund Risk Register

Checklist of Key Approvals	
Is this decision included in the Business Plan?	No
Will further decisions be required? If so, please outline the timetable here	No
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 23 rd September 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 18 th September 2019
Has the Chairman of the Pension Committee been consulted?	Councillor Rogers – 23 rd September 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 26 th September 2019

Appendix 1 – 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	Contributions to the Fund are not received on the correct date and/or for the correct amount	1,8,9,16	A	8
4	Fund assets are not sufficient to meet obligations and liabilities.	2,16,17,19	A	8
5	Information may not be provided to stakeholders as required.	14	ALL	6
6	The Investment Strategy's Risk Reward profile does not match the requirements of the Fund.	16, 17,18	A	6
7	Those charged with governance are unable to fulfil their responsibilities effectively.	2,3	G	6
8	Risk of fraud and error.	2,10	ALL	6
9	Failure to understand and monitor risk compliance.	5	G	6
10	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	8	E	6
11	Custody arrangements may not be sufficient to safeguard Pension Fund assets.	1,2,3	A	4
12	Pension Fund systems and data may not be secure and appropriately maintained.	10,11	E	4
13	Failure to administer the scheme in line with regulations and guidance.	1,2,3,16	ALL	4
14	Failure to recognise and manage conflicts of interest.	2,10	G	4
15	Pension Fund objectives are not defined and agreed.	4	G	4
16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	15	G	4
17	Pension Fund investments may not be accurately valued.	2,10,17,18	A	4
18	Actual experience materially differs from actuarial assumptions used at each valuation	9, 17,18	E	4
19	Failure to act appropriately upon expert advice and/or risk of poor advice.	17,18,19,20	ALL	4
20	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met.	9,17,18	E	4
21	Unable to deliver pension services due to an inadequate business continuity plan.	8	ALL	4
22	Unable to deliver pension services due to inadequate recruitment and retention processes.	8	ALL	4
23	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
24	Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage.	1,2,10	ALL	3
25	Incorrect/poor quality data held on the Pension Administration and Payroll platforms leading to incorrect information being provided to members and stakeholders.	2,8,10,11	G	3

*Key

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

Overall responsibility rests with the Head of Pensions

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"> Provisional contribution rates are consulted on with each scheme employer as part of the valuation process Review of employer covenant, looking at the terms of the admission agreement and bond/guarantor arrangements. Negotiate terms of deficit recovery whilst keeping employer contribution rates as stable and affordable as possible. 	4	3	12	A
2	Failure to respond to changes in economic conditions	4	4	16	R	<ul style="list-style-type: none"> The Fund has established a quarterly Investment Sub Committee dedicated to focus on Investment matters. The Fund receives quarterly performance reports which consider operational and strategic investment issues. A formal review of the strategic asset allocation is undertaken on a triennial basis. The Fund publishes an Investment Strategy Statement which is regularly reviewed. 	4	3	12	A
3.	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"> 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. A procedure is in place to identify non-payment and late payment of contributions as defined in the Employee and Employer Late Payment Policy. The Policy includes a reporting process to report late payments to Committee and the Pensions Regulator Internal Audit reviews take place on an annual basis and external audit review the accounts annually. 	4	2	8	A
4	Fund assets are not sufficient to meet obligations and liabilities	4	3	12	A	<ul style="list-style-type: none"> The Funding Strategy Statement is reviewed every 3 years. The Fund Actuary considers asset valuations and the Fund Investment Strategy in setting employer contributions rates. The yearend 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. 	4	2	8	A

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
5	Information may not be provided to stakeholders as required	3	3	9	A	<ul style="list-style-type: none"> 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. Letters are generated through task management for consistency and are checked before being sent out. 	3	2	6	G
6	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"> Investment Strategy in place which is in accordance with LGPS investment regulations. A formal review of the strategic asset allocation is undertaken on a triennial basis. The Fund appoints professional investment advisers to support the Pension Committees investment decisions At each triennial actuarial valuation the Funding Strategy Statement considers alignment of the investment strategy to employer covenant and affordability. Members are encouraged to participate in Skills & Knowledge training with respect to Investments and attend relevant industry conferences. Detailed training records are maintained. 	3	2	6	G
7.	Those charged with governance are unable to fulfil their responsibilities effectively	3	3	9	A	<ul style="list-style-type: none"> Training Strategy in place to facilitate the continual development of both Committee and Board members. New members are provided with relevant documentation to assist them in their roles. The Fund subscribes to relevant professional bodies such as LAPFF and PALSA. 	3	2	6	G

8.	Risk of fraud and error	3	3	12	A	<ul style="list-style-type: none"> • Anti- Fraud and Corruption policy in place. • Fund participates in the National Fraud Initiative and undertakes oversees pensioner existence checks. • Robust processes in place including segregation of duties and authorisation protocols. 	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
9	Failure to understand and monitor risk compliance	3	2	6	G	<ul style="list-style-type: none"> • Business Continuity plan in place and is updated at least annually. • Active risk register in place, the Committee and Board are updated if there are any risk movements between scheduled reporting timescales. • The Local Pension Board have oversight of risk monitoring to assist the Pensions Committee on decision making. 	3	2	6	G
10	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"> • Employers are made aware of their responsibilities upon admission via the LGSS website and direct employer communication. • Training is provided to employers on a minimum quarterly basis and more often, if required. • The importance of a statutory deadlines is stressed to the employer through all communications and via events such as the employer forums. • Support is also available through the website, dedicated employers help line and templates issued where applicable. 	2	3	6	G

11	Custody arrangements may not be sufficient to safeguard Pension Fund assets	4	2	8	A	<ul style="list-style-type: none"> The Custodian is selected from experienced providers on the LGPS National Framework who have met the quality criteria for the framework. Complete and authorised agreements are in place with external custodian. External custodian's compliance with International Standard on Assurance Engagements (ISAE) No. 3402, Assurance Reports on Controls at a Service Organisation. Officers of the Fund engage in quarterly monitoring of custodian performance with a report presented at the annual meeting of the Pensions Committee. 	4	1	4	G
Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
12	Pension Fund systems and data may not be secure and appropriately maintained	4	2	8	A	<ul style="list-style-type: none"> System user controls are in place including regular password changes. Access rights are controlled. Data is backed up. Audit trails are in place. Pension system is protected against viruses and other system threats. The pensions administration system is updated to ensure LGPS requirements are met. Hosted pensions server and backup server are at separate Bedfordshire sites. Disaster recovery plans are in place for both Heywood and LGSS. Training to Officers on cyber resilience 	4	1	4	G

13	Failure to administer the scheme in line with regulations and guidance	5	2	10	A	<ul style="list-style-type: none"> • Policies and strategies are in place and are accessible on the Fund website. • Policies and strategies are subject to review at appropriate intervals and subject to stakeholder consultation where necessary. • A Training Strategy is in place for those charged with governance. • Officers attend working groups (such as EMPOG/SECSOG) and consult with professional advisors where appropriate. • Employers are aware of their responsibilities within the Fund and what information is required, in what format and by when. • The Fund subscribes to relevant professional bodies such as LAPFF and PALSA. 	4	1	4	G
Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
14	Failure to recognise and manage conflicts of interest	4	2	8	A	<ul style="list-style-type: none"> • Declaration of interests are made at the beginning of all statutory meetings where not held on the County Councillor declaration register. • Conflicts of Interest Policy in place for the Local Pension Board. • Committee and Board members are encouraged to undertake the Pension Regulators Toolkit which includes a conflicts of interest module. 	2	2	4	G
15	Pension Fund objectives are not defined and agreed	4	2	8	A	<ul style="list-style-type: none"> • Objectives are agreed as part of the Annual Business Plan and Medium Term Strategy by the Pensions Committee. • Relevant objectives are referenced on every committee report. • Objectives are referenced in all policy documents and the risk register to ensure appropriate focus. 	2	2	4	G

16	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"> Committee and Board papers are provided for each scheduled meeting, providing relevant information to inform decision making. Papers are subject to appropriate approvals including that of the Monitoring Officer and Section 151 Officer Yearly effectiveness reviews for Committee and Board members are carried out to identify if any changes need to be made to the information delivered. 	2	2	4	G
Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
17	Pension Fund Investments may not be accurately valued	3	2	6	G	<ul style="list-style-type: none"> 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. The year-end financial statements record the Funds asset position and is subject to robust review by external audit. Officers work closely with the Funds Custodian to ensure accuracy of asset valuations. 	2	2	4	G

18	Actual experience materially differs from actuarial assumptions used at each valuation.	3	3	9	A	<ul style="list-style-type: none"> Assumptions and actual experience are analysed through triennial valuations to ensure assumptions remain appropriate. Early engagement with employers. The Investment Sub Committee receives quarterly performance reports provided by recognised industry professionals which considers both strategic and operational aspects of investment. Officers are in partnership with Fund advisers report asset allocation performance quarterly to the Investment Sub Committee. 	2	2	4	G
19	Failure to act appropriately upon expert advice and/or risk of poor advice	4	2	8	A	<ul style="list-style-type: none"> Pension Committee decisions and oversight by the Local Pension Board. Investment consultants and independent advisors appointed via a robust appointment process. Members are encouraged to participate in Skills & Knowledge training with respect to Investments and attend relevant industry conferences. Detailed training records are maintained. 	2	2	4	G
Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
20	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met.	3	3	9	A	<ul style="list-style-type: none"> Assessment of the strength of individual employer covenants in conjunction with the actuary and what bond/guarantor arrangements are in place Close liaison with Employers in managing exit strategy in line with the Admitted bodies, Scheme employers and Transfer Policy. 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. 	2	2	4	G

21	Unable to deliver pension services due to an inadequate business continuity plan	3	2	6	G	<ul style="list-style-type: none"> • Business continuity plan in place which includes the ability for staff to work remotely to meet the demands of the service. • Multi skilling across the service for flexibility. • Updated at least annually to ensure remains relevant and up to date. • Part of the LGSS business continuity plan. 	2	2	4	G
22	Unable to deliver pension services due to inadequate recruitment and retention processes.	3	2	6	G	<ul style="list-style-type: none"> • Establishment reporting undertaken monthly to identify any recruitment/retention issues • Recruitment undertaken utilising all available avenues including agency staff • Staff leaving interviewed to understand reason for cessation • Regular performance reporting across all business processes serves as early warning system • Consultancy contracts in place as a backstop 	2	2	4	G
Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G

23	Investment decisions and portfolio management may not maximise returns or be performed in accordance with instructions provided	3	2	6	G	<ul style="list-style-type: none"> • The Fund is compliant with Investment regulations and best practice guidance. • The Fund appoints professional investment advisers to support the Pension Committees investment decisions • The Funds asset allocation is considered by the Actuary when undertaking the triennial valuation. • Investment performance is closely monitored, in particular the Investment Sub Committee receives quarterly performance reports provided by recognised industry professionals highlighting key issues. • The Fund has an appropriate Investment Strategy Statement in place which also addresses Environmental, Social and Governance (ESG) issues. 	3	1	3	G
24	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"> • Automated extraction of data where viable and agreed procedures for reporting. • Robust authorisation protocols in place. • Internal and External audit reviews. • 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. • Membership year end reconciliation and investigate variations from the accounting valuations. • Management and administration are maintained in accordance with the SORP and the Financial Regulations. • Data Improvement Policy and Plan are in place. • Anti-Fraud and Corruption Policy in place. • 	3	1	3	G
Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G

25	Incorrect/poor quality data held on the Pension Administration and Payroll platforms leading to incorrect information being provided to members and stakeholders.	3	3	9	A	<ul style="list-style-type: none"> • The Data Improvement Policy and Plan are in place. • 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. • The Pension Committee and Local Pension Board receive updates against the plan quarterly. 	3	1	3	G
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CAMBRIDGESHIRE PENSION FUND



Pension Fund Committee

Date: 10th October 2019

Report by: Head of Pensions

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

1. Background

- 1.1 The need to regularly review the effectiveness of the Pension Fund Committee is considered good governance and is undertaken as an annual exercise. In June 2019 members were invited to complete a survey on how adequate they felt the current arrangements of the Committee are and how efficiently it is operating.
- 1.2 The survey consisted of 22 questions and members were encouraged to add extra clarity to answers provided. There was also an opportunity at the end of the survey to provide any additional supporting comments.
- 1.3 The surveys were handed out at the meeting of the 13th June 2019 and were due for completion by 10th July 2019.

2. Response to the review

- 2.1 The survey to ascertain the view of the Cambridgeshire Pension Fund Committee was given to 11 members (including substitutes) and 10 completed questionnaires were returned. This represents an excellent return rate of 91%. Completion of the survey has become a mandatory feature of the Pension Fund Committee's Training Strategy when reviewed in December 2018.

3. Results of the effectiveness survey

- 3.1 For questions 1 to 13, participants were required to answer yes or no to the statement presented and for questions 14 to 22, participants were required to rate the statements from strongly disagree to strongly agree. Additional comments boxes were included on every question to encourage further narrative where needed.
- 3.2 A full analysis of the results of the survey can be found in **appendix 1** of the report.

4. Conclusions drawn from the effectiveness survey

- 4.1 The effectiveness of the Pension Fund Committee was positive as a whole with the majority of participants agreeing with the statements provided.
- 4.2 The following areas have been highlighted as to where improvements could be made and corresponding actions/comments for each. Areas for improvement are those areas where more than one member provided a 'no, disagree or strongly disagree' response.

Statement	Concern	Comments/Action
Members work effectively as a team?	Two members of the Committee felt that members did not work effectively as a team, comments were made around wider commitments, some members taking longer to get up to speed and new members integrating.	The Cambridgeshire Pension Fund Training Strategy is designed to allow members to acquire the required knowledge over a 2 year period and has previously been reviewed by the Committee, as established members leave there will undoubtedly be a skills shortage for a period of time which is unavoidable. The induction e-mail for new members consists of links to all relevant information for the Pension Fund and 1:1 sessions are available on request. In addition officers are always on hand to offer support/guidance if required. Officers are happy to take on any suggestions to facilitate new member further.
Members are provided with sufficient information in order to make effective and timely decisions?	Two members felt that sufficient information was not provided. One comment was made stating that occasionally more detail is required. Another comment concerned not receiving the information far enough in advance and the final comment was in relation to the induction of new members.	Officers aim to capture the key points in the reports and provide background papers with more detail to ensure that members make the best use of their time at the meeting. This will continue to be reviewed and more detail added to reports if deemed appropriate. The publication of the papers is controlled by Cambridgeshire County Council and is in accordance with the constitution.

I have good knowledge of the valuation process, including developing the Funding Strategy Statement in conjunction with the Fund Actuary?	Two members felt that they did not have good knowledge of the valuation process with a comment relating to the member being new and not being in position for the previous actuarial valuation.	As the valuation cycle is every three years, knowledge in this area is difficult to obtain due to the infrequency. For the 2019 valuation officers have arranged CIPFA training and arranged for the actuary to attend all meetings to provide additional clarity where needed.
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- 4.3 The actions taken against the areas for improvement from the 2017/2018 review are in **appendix 2** of the report.

5. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. Objective 1.
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. Objective 2.
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributed are maintained in a changing environment. Objective 3.
Continually monitor and measure clearly articulated objectives through business planning. Objective 4.
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. Objective 5.

7. Risk Management

- 7.1 The Pension Fund Committee are expected to have an awareness of how the Fund is operated and maintain appropriate skills and knowledge. The Pension Fund Committee make decisions on how the Fund operates and therefore should periodically review how effective processes are and whether there are any skills gaps within membership.
- 7.2 The risks associated with Pensions Fund Committee members not having the required level of awareness and knowledge have been captured in the Fund's risk register as detailed below.

Risk No	Risk	Residual risk rating
7	Those charged with governance are unable to fulfil their responsibilities effectively.	Green
13	Failure to administer the scheme in line with regulations and guidance.	Green

16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	Green
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- 7.3 The Fund risk register can be found at the following link - <https://pensions.cambridgeshire.gov.uk/app/uploads/2019/04/Cambridgeshire-Risk-Register.pdf>

8. Communication Implications

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

9. Finance & Resources Implications

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

10. Legal Implications

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

11. Consultation with Key Advisers

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

12. Alternative Options Considered

- 12.1 Not applicable.

13. Background Papers

- 13.1 None.

14. Appendices

- 14.1 Appendix 1 – Full analysis of the results of the survey
- 14.3 Appendix 2 – Actions taken against the areas for improvement from the 2017/2018 review

Checklist of Key Approvals	
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 23 rd September 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 16 th September 2019
Has the Chairman of the Pension Committee been consulted?	Councillor Rogers – 23 rd September 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 26 th September 2019

Appendix 1 – Full analysis of the results of the survey

Question	Answers based on 10 members completing the survey							Comments
	Yes (%)	No (%)	Strongly Agree (%)	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)	Strongly Disagree (%)	
There are a sufficient number of meetings held in the financial year?	100							However some meetings are too long and it might benefit members to hold additional meetings. As far as I know, but I am a substitute member so don't have experience of how the workload is helped (or otherwise) by the timing and the number of the meetings, as I probably only attend 1 or maybe 2 meetings annually.
Members work effectively as a team?	60	20						It is difficult to comment as I have only attended two meetings since appointment (no answer selected). Mostly. Yes, although some members take longer to get up and running. With wider commitments, hard to spend enough time. I have seen no evidence that we do. Almost always non-politically. Don't really know how new members integrate, I wouldn't call it 'team' I don't know whether as the members communicate between meeting cycles to forward the work of the committee (no answer selected).
Question	Yes (%)	No (%)	Strongly Agree (%)	Agree (%)	Neither Agree nor	Disagree (%)	Strongly Disagree (%)	Comments

					Disagree (%)			
The quality of reports meets the expected standard?	100							<p>Reports are generally thorough and sometimes even beyond what I think would be necessary bearing in mind it's easier to request reports than complete them. Overall yes but occasionally some could be enhanced by greater detail. Generally.</p> <p>Yes but I think the pensions companies should be mindful that they are communicating with those who are not as expert as they are and on behalf of members of the scheme, so plain language and non-jargon would help.</p>
Members are provided with sufficient information in order to make effective and timely decisions?	70	20						<p>Overall yes but occasionally some could be enhanced by greater detail. Not far enough in advance on occasion. I don't feel that I have been given enough induction information and have said so with little response. Don't think I'm able to comment either way about this (no answer selected).</p>
I understand my role and obligations under the LGPS Regulations and the terms of reference for the Board I serve on?	100							<p>I believe so, I don't think I have seen a terms of reference, can one be posted on the committee web-pages so that it's available for all? I have seen Appendix A to the Constitution (Is that what you are referring to as 'TOR'?</p>

Question	Yes (%)	No (%)	Strongly Agree (%)	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)	Strongly Disagree (%)	Comments
I would know what process to follow if I suspected a breach of the law and there is a sufficient policy in place to support this?	70	10						I believe this to be true as regards investment however not so well briefed on pension distribution/monitoring/admin (no answer selected). This might be a good topic to discuss and underline at a future meeting because some members are relatively new to their role and responsibilities (no answer selected).
I am aware that I need to disclose any potential and actual conflicts of interest that may arise?	100							
I am satisfied that risks identified on the covering reports adequately identify the risks involved in taking a particular decision and are reflected in the risk register?	100							Just looked at this now.
Members are provided with good quality policies and strategies for review/ approval?	90							However it has taken me 2 years to understand the in depth detail and knowledge required. Not able to comment as don't have any comparison (no answer selected).
I have knowledge of the Pensions Administration Strategy and how services are delivered?	90	10						However it has taken me 2 years to understand the in depth detail and knowledge required. New website is impressive.

Question	Yes (%)	No (%)	Strongly Agree (%)	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)	Strongly Disagree (%)	Comments
The Training Strategy which incorporates the CIPFA Skills and Knowledge Framework is adequate in aiding members to acquire the correct level of skills and knowledge to undertake their duties effectively?	80	10						<p>I would probably benefit from more prompting around training.</p> <p>Although I understand that CIPFA provides guidance only!</p> <p>Time an issue for senior members.</p> <p>I think a review of points attributed to courses is needed and more online training opportunities would help ensure members met the necessary standard (no answer selected as picked both).</p> <p>I don't think I have seen the Training Strategy.</p> <p>The correct level is not a good term.</p> <p>Yes, but I think it would be better if there was a clearer pathway describing the training needed and where to get it. I think there should be less reliance on the long conferences, they are not a form of training that I favour. Maybe there should be more use of methods like short videos that can be replayed when convenient. One of the podcasts I listened to was dire – pensions 'experts' don't always have the expertise to translate their knowledge into readily understandable language.</p>

Question	Yes (%)	No (%)	Strongly Agree (%)	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)	Strongly Disagree (%)	Comments
I have a good understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice?	80	10						Just about good enough. Some understanding (no answer selected).
I have a good understanding of the role of both internal and external audit in the governance and assurance process?	90							Just about good enough. Some understanding (no answer selected).
I have an understanding of the background to current procurement policy and procedures and the associated values including the roles of key decision makers?				50	40	10		As a new member this is an area for further development. I could do with improving understanding in this area. Still learning as we touch on new avenues of investment.
I have an understanding of how the Fund monitors and manages the performance of their outsourced providers?			10	60	30			As a new member this is an area for further development. Still learning as we touch on new avenues of investment. I believe the monitoring reports are good and clear.
I understand the role of the Funds investment advisors?			30	70				

Question	Yes (%)	No (%)	Strongly Agree (%)	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)	Strongly Disagree (%)	Comments
I understand the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long term risks?			50	40		10		This should be 2 questions, a yes to the first and no to the second.
I have an understanding of the risk and return characteristics of the main asset classes (equities, bonds, property etc.)?			30	70				
I have an understanding of the importance of the Fund's Statement of Investment principles?			30	70				
I have a general understanding of the role of the Fund's Actuary?			20	80				There is always that hidden factor around the corner!
I have a broad understanding of the implications of new employers joining the fund and of the cessation of existing employers?			50	40		10		
I have good knowledge of the valuation process, including developing the Funding Strategy Statement in conjunction with the Fund Actuary?			30	50		20		I wasn't a member during the last valuation process.

Question	Yes (%)	No (%)	Strongly Agree (%)	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)	Strongly Disagree (%)	Comments
Do you have any additional comments?								I would like to thank the officers for all of the hard work and dedication that they put into CCC Pension Fund.

Appendix 2 – Actions taken against the areas for improvement from the 2017/2018 review

Area for improvement	Concern	Comments/Action	Action completed?
Members are satisfied that the risks identified on the covering reports adequately identify the risks involved in taking a particular decision.	No comment provided	Officers are continually monitoring how best to deliver reports including associated risks. This will be looked at in 2018/19.	Yes – The Risk Strategy and Risk Register have been reviewed and seek approval at this meeting. The risk sections of the reports have been updated and are continually being improved.
Members are provided with good quality policies and strategies for review/approval.	No comment provided	Officers are continually improving and streamlining policies and strategies for approval. This will continue to be monitored.	Yes – A policy review plan has been presented to the Local Pension Board to monitor progress. Several policies have been reviewed in this financial year and a plan is in place for next year's reviews.
There is sufficient time allocated to agenda items to ensure sufficient discussion and informed decision making.	This may be the case for experienced committee members, for newer members the relevance of each item on the agenda is not particularly clear in advance of the meeting.	Agendas and papers are sent out in advance of all meetings to give members the opportunity to review the papers before the meeting. The aim of the meeting is then to discuss each item in more detail. It would be hard to put a relevance against each item as the item has already been deemed as relevant to be presented to the Committee. A background section can be included in reports to put the report into context and the named lead officer on the report may be contacted in advance of the meeting if further clarity is required.	Yes – More time is allocated to more relevant papers which require a decision to be made. The background section is used where appropriate to provide a summary of previous discussions etc.
Members are aware of the risks facing the Fund and review the risk register on a regular basis.	No comment provided	The risk register was presented to the Committee in March 2017, any changes to the risk are reported in the Business Plan Update. A full review of risks is due to be undertaken again in 2018/19 and will be presented to the Committee during this time. We will be bringing a report on amber/red risks to the October Committee.	Yes – The Risk Strategy and Risk Register have been reviewed and seek approval at this meeting. The Pension Fund Committee will review on a biannual basis going forward and the Local Pension Board will monitor quarterly highlighting any concerns to the Pension Fund Committee.

Area for improvement	Concern	Comments/Action	Action completed?
I know where to find the Fund's key documents.	Need to be reminded.	The Fund's key documents are held on the current website and are on the new website awaiting launch, the navigation on the new website is much simpler and finding key documents should be easier.	Yes – The new website was launched in early 2018, it has been reviewed under the plain English campaign and has been made more user friendly.
There are a sufficient number of meetings held in the financial year.	No comment provided	Meetings are set in accordance with the Constitution but additional meetings can be requested if the Committee deem appropriate.	Yes – Additional meeting can be held when deemed appropriate to discuss a particular matter. There has been additional discussions held around asset pooling issues via meetings and utilising training days.

CAMBRIDGESHIRE PENSION FUND



Pension Fund Committee

10th October 2019

Report by: Head of Pensions

Subject:	Employer Admissions and Cessations Report
Purpose of the Report	<ol style="list-style-type: none"> 1. To report the admission of five admitted bodies to the Cambridgeshire Pension Fund 2. To report the admission of one scheduled body to Cambridgeshire Pension Fund 3. To notify the Committee of twelve bodies ceasing in the Cambridgeshire Pension Fund
Recommendations	<p>That the Pension Fund Committee:</p> <ol style="list-style-type: none"> 1. Notes the admission of the following admitted bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreements: <ul style="list-style-type: none"> • Edwards and Blake • Easy Clean Contractors Ltd • VHS Cleaning Services Ltd • Caterlink • CleanTec Services 2. Notes the admission of the following scheduled bodies to the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> • St John the Baptist Catholic MAT 2. Notes the cessation of the following admission agreements with the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> • Aspens (Brampton Village Primary) • Aspens (Willingham Primary) • Aspens (Staploe Ed Trust) • Advanced Cleaning Services (Ridgefield Primary School) • ABM Catering Limited (Morley Memorial) • Coram Cambridgeshire Adoption Limited • Improve IT Ltd • Pabulum Catering Ltd (Cottenham) • Pabulum (Ely College) • Pabulum (Sawtry Junior Academy) • Pabulum (Swavesey) • TNS Catering (WASP Cluster 2)
Enquiries to:	<p>Name – Cory Blose, Employer Services and Systems Manager Tel – 07990560829 E-mail – cblose@northamptonshire.gov.uk</p>

1. Background

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

2 New Admission Bodies

- 2.1 Paragraph 1 of Part 3 of Schedule 2 to the Regulations provides for an Administering Authority making an admission agreement with an admission body, enabling employees of the admission body to be active members of the Local Government Pension Scheme.
- 2.2 A body which falls under paragraph 1(d)(i) of Part 3 of Schedule 2 is an admission body that is providing a service, in connection with the function of a scheme employer, as the result of a transfer of service or assets by means of a contract or other arrangement.
- 2.3 The Pension Fund Committee is asked to note the admission of the following bodies into the Cambridgeshire Pension Fund under paragraph 1(d)(i) and to approve the sealing of the admission agreements.

Date	New Admission Body	Background information
01/09/2018	Edwards and Blake (New Road Primary School)	Aspire Learning Trust has entered into a contract with Edwards & Blake Limited to provide catering services for New Road Primary School. As a result, a group of staff were transferred to the new admission body. Aspire Learning Trust has agreed to retain the pension risk under a Pass Through agreement.
22/10/2018	Easy Clean Contractors Ltd (Milton Primary CofE School)	Diocese of Ely Multi Academy Trust has entered into a contract with Easy Clean Contractors Ltd to provide cleaning services for Milton Primary C of E School. As a result, a group of staff were transferred to the new admission body. Diocese of Ely Multi Academy Trust has agreed to retain the pension risk under a Pass Through agreement.
01/01/2019	VHS Cleaning Services Ltd (Bassingbourne Village College and Sawston Village College)	Anglian Learning Trust has entered into a contract with VHS Cleaning services Ltd to provide cleaning services for Bassingbourne Village College and Sawston Village College. As a result, a group of staff were transferred to the new admission body. Anglian Learning Trust has agreed to retain the pension risk under a Pass Through agreement.

17/09/2018	VHS Cleaning Services Ltd (Bewick Bridge Community Primary School)	Bewick Bridge Community Primary School, a Cambridgeshire LEA School, have entered into a contract with VHS Cleaning Services Ltd to provide their cleaning services. As a result, a group of staff were transferred to the new admission body. Cambridgeshire County Council has agreed to retain the pension risk under a Pass Through agreement.
01/01/2018	Caterlink Ltd (The Vine Inter-Church Primary School)	The Vine Inter-Church Primary School, a Cambridgeshire LEA School, have entered into a contract with Caterlink Ltd to provide their catering services. As a result, a group of staff were transferred to the new admission body. Cambridgeshire County Council has agreed to retain the pension risk under a Pass Through agreement.
01/09/2018	Caterlink Ltd (Priory Park Infant School & Playgroup)	Priory Park Infant School and Playgroup, a Cambridgeshire LEA School, have entered into a contract with Caterlink Ltd to provide their catering services. As a result, a group of staff were transferred to the new admission body. Cambridgeshire County Council has agreed to retain the pension risk under a Pass Through agreement.
01/09/2018	CleanTec Services Ltd (Cromwell Academy)	ACES Academies Trust has entered into a contract with Clean Tec Services Ltd to provide cleaning services for Cromwell Academy. As a result, a group of staff were transferred to the new admission body. ACES Academies Trust has agreed to retain the pension risk under a Pass Through agreement.

3. New Scheduled Body

- 3.1 Regulation 3 (1) of the Regulations provides for a person employed by a body listed in Schedule 2 to be an active member of the Local Government Pension Scheme. Part 1 of Schedule 2 includes “a proprietor of an Academy” as being a class of Schedule 2 employer and therefore a Scheduled Body. There is no discretion on the administering authority or the employer as to whether or not employers in Schedule 2 are provided with access to the Fund; it is a requirement.
- 3.2 The LGPS Regulations recognise the proprietor of the Academy Trust as the scheme employer. Where Academies are part of a Multi Academy Trust (MAT), the Trust is the scheme employer and not each individual Academy. Academies joining an existing MAT are not reported, as they are therefore not recognised as new scheme employers.

Date of admission	Academy Trust	Name of Academies transferring
01/09/2019	St John the Baptist Catholic MAT	St Thomas More Catholic Primary School converted to an academy and joined St John the Baptist Catholic Multi Academy Trust.

4. Cessations

4.1 Pabulum Catering Ltd (Cottenham Village College)

- 4.1.1 Pabulum Catering Ltd were admitted to the Fund under a pass through agreement on 1 September 2012, after entering a contract to provide catering services to Cottenham Village Collage.
- 4.1.2 Their service contract with Cambridgeshire County Council ended on 31 July 2018. No exit payment or credit will be required as the pension liabilities were retained within Cambridgeshire County Council pool.

4.2 TNS Catering Management Ltd (WASP Cluster 2)

- 4.2.1 TNS Catering Management Ltd were admitted to the Fund under a pass through agreement on 24 September 2018, after entering a contract to provide catering services to Robert Arkenstall Primary School, Sutton C of E Primary School and Wilburton C of E Primary School.
- 4.2.2 Their service contract with Cambridgeshire County Council ended on 31 August 2019. No exit payment or credit will be required as the pension liabilities were retained by Cambridgeshire County Council.

4.3 Coram Cambridgeshire Adoption Limited

- 4.3.1 Coram Cambridgeshire Adoption Limited were admitted to the Fund on 1 August 2014, after entering a contract to operate the adoption services of Cambridgeshire County Council.
- 4.3.2 Their contract with Cambridgeshire County Council ended on 31 July 2019. No exit valuation has been completed as Cambridgeshire County Council agreed to accept the pension assests and liabilities at the end of their contract.

4.4 Aspens Services (Brampton Village Primary)

- 4.4.1 Aspens Services were admitted to the Fund under a pass through agreement on 1 September 2018, after entering a contract to provide catering services to Brampton Village Primary School.
- 4.4.2 On 31 January 2019, the last active member left employment. No exit payment or credit will be required as the pension liabilities were retained by Cambridgeshire County Council.

4.5 Aspens Services (Willingham Primary)

- 4.5.1 Aspens Services were admitted to the Fund under a pass through agreement on 1 September 2018, after entering a contract to provide catering services to Willingham Primary School.
- 4.5.2 On 30 April 2019, the last active member left employment. No exit payment or credit will be required as the pension liabilities were retained by Cambridgeshire County Council.

4.6 Aspens (Staploe Ed Trust)

4.6.1 Aspens Services were admitted to the Fund under a pass through agreement on 1 April 2016, after entering a contract to provide catering services to the academies within Staploe Education Trust.

4.6.2 On 5 April 2019, the last active member left employment. No exit payment or credit will be required as the pension liabilities were retained by Cambridgeshire County Council.

4.7 Advanced Cleaning Services (Ridgefield Primary School)

4.7.1 Advanced Cleaning Services were admitted to the Fund under a pass through agreement on 1 May 2017, after entering a contract to provide cleaning services to Ridgefield Primary School.

4.7.2 On 31 March 2018, the last active member left employment. No exit payment or credit will be required as the pension liabilities were retained by Cambridgeshire County Council.

4.8 ABM Catering Limited (Morley Memorial Primary School)

4.8.1 ABM Catering Limited were admitted to the Fund under a pass through agreement on 5 April 2014, after entering a contract to provide catering services to Morley Memorial Primary School.

4.8.2 Their service contract with Cambridgeshire County Council ended on 5 April 2019. No exit payment or credit will be required as the pension liabilities were retained by Cambridgeshire County Council.

4.9 Pabulum Catering Ltd (Ely College)

4.9.1 Pabulum Catering Ltd were admitted to the Fund under a pass through agreement on 1 September 2016, after entering a contract to provide catering services to Cambridge Meridian Academies Trust for Ely Collage.

4.9.2 Their service contract with ended on 31 July 2019. No exit payment or credit will be required as the pension liabilities were retained by the Cambridge Meridian Academies Trust.

4.10 Pabulum Catering Ltd (Sawtry Junior Academy)

4.10.1 Pabulum Catering Ltd were admitted to the Fund under a pass through agreement on 1 June 2016, after entering a contract to provide catering services to Cambridge Meridian Academies Trust for Sawtry Junior Academy.

4.10.2 Their service contract with ended on 31 July 2019. No exit payment or credit will be required as the pension liabilities were retained by the Cambridge Meridian Academies Trust.

4.11 Pabulum Catering Ltd (Swavesey Village College)

4.11.1 Pabulum Catering Ltd were admitted to the Fund under a pass through agreement on 1 August 2011, after entering a contract to provide catering services to Cambridge Meridian Academies Trust for Swavesey Village College.

4.11.2 Their service contract with ended on 31 July 2019. No exit payment or credit will be required as the pension liabilities were retained by the Cambridge Meridian Academies Trust.

4.12 Improve IT Ltd

4.12.1 Improve IT Ltd were admitted to the Fund under a full admission on 1 September 2016, after entering a contract to provide IT services to The Morris Education Trust for Witchford Village College.

4.12.2 On 31 March 2019, the last active member left the scheme. The final valuation of the liabilities, has indentified a surplus of £23,000.

4.12.3 The Fund has repaid the surplus to Improve IT Ltd.

5. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision-making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>Objective 1</i>
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. <i>Objective 2</i>
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. <i>Objective 3</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>
Ensure regular monitoring of employer covenants, putting in place mitigations of adequate strength to protect the Fund. <i>Objective 6</i>
Ensure appropriate exit strategies are put in place in both the lead up to and termination of a scheme employer. <i>Objective 7</i>

6. Risk Management

6.1 The Pension Fund Committee are responsible for approving some admission bodies into the Fund as well as monitoring all admissions and cessations.

6.2 The risks associated with failing to monitor admissions and cessations have been captured in the Fund's risk register as detailed below.

Risk No	Risk	Residual risk rating
10	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	Green
13	Failure to administer the scheme in line with the regulations.	Green
16	Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green
20	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met.	Green

6.3 The Fund's full risk register can be found on the Fund's website at the following link:

7. Communication Implications

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

8. Legal Implications

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

9. Consultation with Key Advisers

9.1 Contribution rate and bond assessments are undertaken by Hymans Robertson, the Fund Actuary.

9.2 A precedent admission agreement has been drafted by Eversheds, specialist pension legal advisers in consultation with LGSS Law.

10. Alternative Options Considered

10.1 None available.

Checklist of Key Approvals	
Is this decision included in the Business Plan?	No
Will further decisions be required? If so, please outline the timetable here	No
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 23 rd September 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 18 th September 2019
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 23 rd September 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 26 th September 2019

CAMBRIDGESHIRE PENSION FUND



Pension Fund Committee

10th October 2019

Report by: Head of Pensions

Subject:	ACCESS Asset Pooling Update
Purpose of the Report	To update the Pension Fund Committee on asset pooling.
Recommendations	<p>The Pension Fund Committee:</p> <ol style="list-style-type: none"> 1 Note the asset pooling update; 2 Note the attached minutes from the ACCESS Joint Committee meeting of the 11th June 2019;
Enquiries to:	<p>Name – Paul Tysoe, Investment and Fund Accounting Manager Tel – 07867902436 E-mail – phtysoe@northamptonshire.gov.uk</p>

1. Background

- 1.1 The Cambridgeshire Pension Fund has been working collaboratively with ten other Funds in the ACCESS pool to jointly meet the Government's published criteria on asset pooling.
- 1.2 This report updates the Pension Fund Committee on the Access Joint Committee (AJC) meeting of the 9th September 2019.
- 1.3 Appendix A of this report contains the approved minutes of the 11th June 2019 AJC meeting.

2. ACCESS Joint Committee of 9th September 2019.

- 2.1 The agenda for the AJC of the 9th September 2019, attached at appendix B is summarised in the table below.

ACCESS Joint Committee Agenda – 9 th September 2019	
Part I items	Part II items
Election of Chairman	Risk Register
ACCESS Support Unit (ASU) update	MHCLG meeting update
Scheme Member Representation	ACS Implementation update
Governance Update	Contract Management update
2019/2020 Business Plan and Budget update	Link Presentation
	Items for information or advice

3. Part I items.

- 3.1 Councillor Andrew Reid (Suffolk) the incumbent Chairman was unanimously re-elected as Chairman of the joint Committee for a period of two years.
- 3.2 The ASU update confirmed the appointment of the Interim ASU Director on 1st August 2019 and noted that the Host Authority (Essex) had appointed a new s151 Officer on the same date.
- 3.3 A report considered Scheme member representation following correspondence from UNISON and pressure from Local Pension Boards, which set out:-
- 3.3.1 the relevant background;
 - 3.3.2 UNISON's correspondence;
 - 3.3.3 the current local governance and transparency arrangements at each ACCESS Fund;
 - 3.3.4 the guidance and draft guidance from tPR, SAB, MHCLG and CIPFA (section 6); and
 - 3.3.5 the s151 Officers':
 - 3.3.5.1 consideration of ACCESS's objective to enable Authorities *"to execute their fiduciary responsibilities to LGPS stakeholder including scheme members and employers..."*;
 - 3.3.5.2 their conclusions that existing Authority representation on the AJC (via Elected Members) is appropriate and that scheme member & employer involvement in Authorities' discharging their fiduciary duty (including asset pooling) is a matter for each Authority to determine locally; and
 - 3.3.5.3 their recommendation that no change be made to the current arrangements.
- 3.4 The report was considered by the Committee, and following discussion, a vote on the above recommendation was taken and the recommendation (*no change to current arrangements*) was agreed.
- 3.5 The Governance update reported on the progress on the review of the Inter Authority Agreement which is being led by respective Funds' Monitoring Officers. Currently, the feedback from a consultation exercise across all Monitoring Officers is being digested with a final version expected at the end of September 2019.
- 3.6 The Business plan and Budget update the AJC on the activities undertaken since the June 2019 meeting and associated spend. The revised budget forecast was noted.

4. Part II items.

- 4.1 The Committee noted the risk register and where appropriate, agreed the proposed changes to the ratings of the risks specified.
- 4.2 Representatives of ACCESS met with civil servants from the Ministry of Housing, Communities and Local Government on the 4th July 2019, to review the progress of the ACCESS asset pool against the original objectives of the asset pooling initiative. ACCESS representatives presented a progress update which was well received with positive feedback concluding that progress was “comfortably in line with other pools”. The recently issued MHCLG reporting template was also noted.
- 4.3 In respect of the informal consultation response from ACCESS, civil servants thanked the representatives for a well-reasoned and constructive response. Civil servants informed that a revised “formal” consultation on asset pooling was still pending and would not be drawn on the content.
- 4.4 The ACS implementation update fed back on the progress in regard to launching the liquid active sub funds and the options for the investment pooling of the illiquid asset classes. Progress is positive with the majority of the expected sub funds being materially in place by the end of this/next financial year. The AJC approved an additional Global Equity sub fund focussed on value style investments. The AJC were updated on the progress to appoint an adviser to assist in determining the best option for asset pooling the illiquid investment asset classes. Finally the details of the asset pools first investor day where a number of equity managers that have been appointed to the asset pool will meet with representatives of all partner funds, including both Pension Committee and Local Pension board members.
- 4.5 The contract management update provided an update on the Operator contract. This included details of current issues upon which the ASU and colleagues on the Officer Working Group are engaging with Link. Details of contract and supplier relationship management arrangements and activity was also included.
- 4.6 Link representatives gave a presentation highlighting positive progress in regard to onboarding sub funds to date and plans for future launches along with the forthcoming inaugural investor day. The process and timescales for the procurement of investment consultancy for the means and process for pooling illiquid assets were noted.
- 4.7 The meeting closed following informal discussions on items for information or advice. .

5. Recommendations

- 5.1 Note the asset pooling update;
- 5.2 Note the attached minutes from the ACCESS Joint Committee meeting of the 11th June 2019;

6. Relevant Pension Fund Objectives

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
Ensure the long-term solvency of the Fund, taking a prudent long term view, so that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment. Objective 17
Put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy. Objective 18
Maximise investment returns over the long term within agreed risk tolerances. Objective 19

7. Finance & Resources Implications

- 7.1 The 2019/2020 ACCESS Business Plan and Budget update is included in section 3.6.of this report.

6. Risk Management

- 6.1 The Pension Fund Committee and Pension Fund Board has a responsibility to ensure the ACCESS pool meets the Government's published criteria on asset pooling with in the Local Government Pension Scheme universe.
- 6.2 The risks associated with this report have been captured in the Fund's risk register as detailed below.

Risk No	Risk	Residual risk rating
16	Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

- 6.3 The risk register covers other risks that are directly associated to Cambridgeshire Pension Fund's investments.
- 6.4 The full version of the Fund risk register can be found – <http://pensions.Cambridgeshire.gov.uk/governance/key-documents/Cambridgeshire/>

7. Communication Implications

- 7.1 N/A

8. Legal Implications

8.1 Not applicable.

9. Consultation with Key Advisers

9.1 Not applicable.

10. Alternative Options Considered

10.1 Not applicable.

11. Background Papers

11.1 Not applicable.

12. Appendices

14.1 Appendix A – minutes of the AJC meeting of 11th June 2019.

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable.
Will further decisions be required? If so, please outline the timetable here	Not applicable.
Is this report proposing an amendment to the budget and/or policy framework?	No.
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 23 rd September 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 18 th September 2019
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 23 rd September 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 26 th September 2019



ACCESS JOINT COMMITTEE

MINUTES of a meeting of the ACCESS Joint Committee held at Islington Town Hall on Tuesday, 11th June, 2019.

PRESENT: Cllr Andrew Reid - Chairman (Suffolk CC), Cllr Susan Barker (Essex CC), Cllr Paul Bartlett – substitute (Kent CC), Cllr Vanessa Churchman – substitute (Isle of Wight), Cllr Jonathan Ekins (Northamptonshire CC), Cllr Gerrard Fox (East Sussex CC), Cllr Mark Kemp-Gee (Hampshire CC), Cllr Judy Oliver (Norfolk), Cllr Terry Rogers (Cambridgeshire CC), Cllr Ralph Sangster (Hertfordshire CC) and Dr James Walsh - substitute (West Sussex)

ALSO PRESENT: Dawn Butler (ASU), Clifford Sims (Squire Patton Boggs), John Wright (Hymans Robertson)

OFFICERS: Andrew Boutflower (Hampshire), Nicola Mark (Norfolk), Kevin McDonald (Essex), Alison Mings (Kent), Ola Owolabi (East Sussex), Matthew Nendick (Hertfordshire), Paul Finbow (Suffolk), Sharon Tan (Suffolk) Jo Thistlewood (Isle of Wight), Mark Whitby (Northamptonshire), Rachel Wood (West Sussex), Glenn Cossey (Norfolk) and Joel Cook (Kent - Clerk)

UNRESTRICTED ITEMS

133. Membership.

(Item. 2)

1. The Committee was advised of the following changes:
2.
 - Cllr Jonathan Ekins has replaced Cllr Graham Lawman as the Northamptonshire County Council representative.
 - Cllr Gerard Fox has replaced Cllr Richard Stogdon as the East Sussex County Council representative.
2. The Chairman requested that previous Joint Committee Members Cllr Stogdon and Cllr Lawman be formally thanked for their hard work and commitment.

RESOLVED that the changes to the membership be noted and that Cllrs Lawman and Stogdon be thanked for their contribution to the work of ACCESS.

134. Election of Vice-Chair.

(Item. 3)

1. Cllr Bartlett nominated Cllr Kemp-Gee, seconded by Dr Walsh. No other nominations were made.

RESOLVED that Cllr Kemp-Gee be elected Vice-Chairman.

135. Declaration of interests in items on the agenda.

(Item. 4)

No declarations were made.

136. Minutes of the meeting held on 18 March 2019.

(Item. 5)

1. The committee was advised that, in line with requests made at the previous meeting s151 Officer attendance would take place at future meetings. It was noted that on this occasion, Jo Thistlewood (Isle of Wight) had been asked to attend on behalf of the s151 Officers as none were available.

RESOLVED that the minutes of the meeting on 18 March 2019 be signed as a true and accurate record.

137. Host Authority arrangements [11:10 - 11:15].

(Item. 6)

1. Kevin McDonald (Essex) provided an update on the provision of Secretariat services to the Joint Committee.
2. He explained that, whilst the ultimate goal was for the Secretariat function to be included within the ASU, it was proposed that it remain with Kent for a further 12 months.
3. The proposal recognised that the ASU establishment was not yet complete and it would be beneficial to continue with the clerking support provided by Kent due to the comprehensive knowledge built up by colleagues there.
4. Officers confirmed that there would be no additional budgetary implications.

RESOLVED that:

- The content of the report be noted;
- the current Clerking / Secretariat service provided by Kent be extended for 12 months.

138. ACCESS Annual Report [11:15 - 11:30].

(Item. 7)

1. Sharon Tan (Suffolk) introduced the draft format for the ACCESS Annual Report to the Joint Committee.
2. Members requested the following:
 - a. Passive Investments be mentioned in the Report;
 - b. the final Report be available by 15 July and that it be published on the ACCESS website;
 - c. the addition of an executive summary which highlighted the successes of the Fund.

RESOLVED that:

- the format and approach to ACCESS annual report be approved (subject to the inclusion of the above requests);

- approval and publication of final version be delegated to Sharon Tan (Suffolk) in consultation with the Chair & Vice-Chair.

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139. 2018/19 Out-turn & 2019/20 Business Plan Update [11:30 - 11:45].

(Item. 8)

1. Alison Mings (Kent) provided an update on the activities undertaken since the last Joint Committee and associated spend.
2. The 2018/19 outturn had a total spend of £1.427m, and arrangements were in place to collect each Authority's share (£113.4k).
3. There had only been minor changes to the ACCESS Strategic Business Plan since the last Joint Committee meeting.
4. In response to questions from Members, Alison Mings confirmed that the Strategic Business Plan would be updated to show that work on joint policies was underway and that the Communications Strategy would be included in the Business Plan as it was already underway.
5. Members asked for clarity around the significant reduction in the 2019/20 budget for "strategic and technical costs" (from £395k to £189k). It was confirmed that the fees were lower due to the ASU taking over some of the work previously provided by Hymans. In addition, officers were able to provide a more realistic forecast due to their increasing knowledge of the ACCESS costs.
6. Responding to questions regarding the increased budget for "advice re new structures" (from £92k to £175k), Officers explained that this change reflected the need for additional commissioned services to review and plan future illiquid options, as per previous Joint Committee resolutions.
7. To provide further clarity on these points, it was agreed that future budget and outturn updates would include more explanatory notes.
8. Alison Mings (Kent) presented the risk register and explained there were no substantial changes since the last update. A Member raised a technical question about one of the sub-funds and following a brief discussion, Andrew Boutflower (Hampshire) assured Members the on-going issue was being addressed.

RESOLVED that the 2018/19 outturn position and updated Business Plan be noted.

140. Motion to Exclude the Press and Public.

(Item. 9)

RESOLVED that under Section 100A of the Local Government Act 1972 the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 & 5 of part 1 of Schedule 12A of the Act.

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141. MHCLG Consultation update [11:45 - 12:00].

(Item. 10)

1. Kevin McDonald (Essex) updated the Joint Committee on the submission of the consultation response.
2. Nicola Mark (Norfolk) advised the Joint Committee that a meeting with the Minister, Rishi Sunak MP, had been requested. A meeting with the civil servant Theresa Clay had been offered, and this was under negotiation.
3. Members restated their desire for an elected representative from the Joint Committee to be present at the meeting.
4. Members noted their disappointment that no formal written response had been received to confirm that the points made by ACCESS were being considered.

RESOLVED that Elected Members and OWG Officers should meet with Theresa Clay – dates to be confirmed.

142. ACS Implementation update [12:00 - 12:20].

(Item. 11)

1. Andrew Boutflower (Hampshire) update the Joint Committee on the progress of launching the ACS, the sub-funds that will be created within it and the options for pooling illiquid investments.

RESOLVED that

- The progress in launching the ACS investment sub-funds be noted;
- The progress in identifying options for pooling illiquid investments be noted.

143. Contract Management update [12:20 - 12:40].

(Item. 12)

1. Kevin McDonald (Essex) provided an update on the ACS Operator contract on behalf of Mark Paget (ASU).
2. The Joint Committee discussed the Key Performance Indicators (KPIs) used to measure Link's performance. Members asked to see those KPIs and that they be reviewed to ensure they were still fit for purpose.
3. The Chairman requested that Link be invited to the next meeting to discuss performance.

RESOLVED that the report be noted.

144. Access Support Unit update [12:40 - 13:00].

(Item. 13)

1. Jo Thistlewood (Isle of Wight) provided an update to the Joint Committee on the development of the ACCESS Support Unit (ASU).
2. Following the update from the previous meeting, Members were notified that the appointment to the post of Director (following the commissioning of a specialist recruiter) had not been successful.
3. Following careful evaluation of the available options, the Officer Working Group had developed a recommendation to the Joint Committee that an ASU Director to be appointed on a secondment or permanent basis, from within the pool of officers already participating in the ACCESS funds.
4. Members were presented with a revised timetable for the recruitment of the Director post, though cautioned that it was subject to review and change.

RESOLVED that;

- ASU Director post to be recruited / sought from ACCESS Pool officers (secondment or permanent) on a full-time basis;
- updated timeline supported with intention of allowing for a decision by Essex appointment committee on 24 July;
- candidates not be interviewed by any representative of their own authority.

145. Governance arrangements [13:30 - 13:50].

(Item. 14)

1. Nicola Mark (Norfolk) updated the Joint Committee on the progress of the Phase 3 Governance work, previously outlined at the meeting on 13 March 2019. She highlighted the progress that had been made over the past two years, despite confronting a number of challenges, and the view from the Auditors that the Governance Manual had been extremely useful to them.
2. The Chairman highlighted to good work of Nicola Mark in leading the Governance work.
3. Clifford Sims (Squire Patton Boggs) updated the Joint Committee on the amendments that had been made to the Inter Authority Agreement (IAA).
4. Engagement with Monitoring Officers (MOs) via webinar was scheduled for 12 June.
5. Members queried the status and planning for the training that would be provided around ACCESS's governance arrangements. Sharon Tan (Suffolk) affirmed that she would be bringing a paper on this to the next meeting as part of a wider training update.

RESOLVED that

- The Governance manual be approved for adoption and ongoing management by the ASU; and that

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- The IAA be endorsed for referral to MOs for further consideration and progression through the Administering Authorities' relevant governance processes.

146. Items for information or advice from the committee [13:50 - 14:00].

(Item. 15)

1. Updates on the following were discussed briefly:

- Scheme Member representation (to be considered at future meeting)
- Plans for informal meetings to be held for ACCESS Members
- Woodford investment fund
- MHCLG meeting

