

CAMBRIDGESHIRE PENSION FUND BOARD



Friday, 28 January 2022

Democratic and Members' Services

Fiona McMillan
Monitoring Officer

10:00

New Shire Hall
Alconbury Weald
Huntingdon
PE28 4YE

to be confirmed
[Venue Address]

AGENDA

Open to Public and Press by appointment only

- | | | |
|----------|--|----------------|
| 1 | Apologies for absence and declarations of interest | |
| | <i>Guidance on declaring interests is available at</i>
http://tinyurl.com/ccc-conduct-code | |
| 2 | Minutes & Action Log - 5th November 2021 | 5 - 6 |
| | <ul style="list-style-type: none">Information relating to the financial or business affairs of any particular person (including the authority holding that information); | |
| 3 | Pension Fund Committee Minutes - 13th December 2021 | |
| | <ul style="list-style-type: none">Information relating to the financial or business affairs of any particular person (including the authority holding that information); | |
| 4 | Internal Audit Report 2020-21 | 7 - 22 |
| 5 | Administration Performance Report | 23 - 34 |
| 6 | Cambridgeshire Pension Fund Risk Register | 35 - 64 |
| 7 | Pension Fund Annual Business Plan Update report 2021-22 | 65 - 84 |

8	Governance and Compliance Report	85 - 96
9	Improving engagement in the Cambridgeshire Pension Fund	97 - 110
10	Cambridgeshire Pension Fund Business Continuity Plan	111 - 158
11	Investment Strategy Statement	159 - 194
12	Exclusion of Press and Public	
	<i>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)</i>	
13	Cyber-Strategy Update	
	<ul style="list-style-type: none"> Information relating to the financial or business affairs of any particular person (including the authority holding that information); 	
14	Access Update	
	<ul style="list-style-type: none"> Information relating to the financial or business affairs of any particular person (including the authority holding that information); 	
15	Agenda Plan	195 - 196

Attending meetings and COVID-19

Meetings of the Council take place physically and are open to the public. Public access to meetings is managed in accordance with current COVID-19 regulations and therefore if you wish to attend a meeting of the Council, please contact the Committee Clerk who will be able to advise you further. Meetings are streamed to the Council's website: [Council meetings Live Web Stream - Cambridgeshire County Council](#). If you wish to speak on an item, please contact the Committee Clerk to discuss as you may be able to contribute to the meeting remotely.

The Cambridgeshire Pension Fund Board comprises the following members:

Councillor Denis Payne (Chair) Mr Barry O'Sullivan (Vice-Chair) Mr Martin Dachs Val
Limb Councillor Simon King and Councillor Philippa Slatter

Clerk Name:	Rhiannon Leighton
Clerk Telephone:	01223 728170
Clerk Email:	rhiannon.leighton@cambridgeshire.gov.uk

Cambridgeshire Local Pension Board Minutes Action Log

This is the updated action log as at 17 January 2022 and captures the actions arising from the most recent Cambridgeshire Local Pension Board meeting and updates Members on the progress on compliance in delivering the necessary actions.

Minutes 5th November 2021

Minute number	Report Title	Action for	Action	Comment	Status
13	Forward Agenda Plan	Mark Whitby	It was requested that the Internal Audit Report become an annual standing report and be noted at the next meeting.	Added to the January agenda plan to be delivered at this meeting.	Completed.
14	Administration Report	Jo Kent	Officers agreed to provide Board members with assurance beyond KPI and IDRP processes that a good service is being provided.	Additional information has been added to the Administration Performance Report to be presented at this meeting.	Completed.
17	Risk Monitoring	Michelle Oakensen	Risk 8, to clarify that 'members encouraged to participate' was a reference to Board, rather than scheme members.		Completed. Risk register has been updated.
17	Risk Monitoring	Michelle Oakensen	Risk 18, agreed to add an objective.	Incorrectly missing from November version.	Completed.
17	Risk Monitoring	Michelle Oakensen	To reflect on whether it would be suitable to raise related risks prior to a Business Continuity Plan update.	BCP being reviewed at this meeting.	Completed.
17	Risk Monitoring	Michelle Oakensen	Praised previous cyber training presented by Aon in collaboration with the City of London Police and suggested asking them to provide something which could be circulated to members.	The training was delivered by City of London Police, but Aon had no input into the content, rather Aon made Funds aware of this training opportunity.	Completed. Upcoming dates circulated.

17	Risk Monitoring	Michelle Oakensen	Suggested correcting page 14 of the report to read 'for quality information'.		Completed.
19	Training Strategy	Michelle Oakensen	In response to the report, Members requested the training schedule.	Training schedule located in appendix 1 of Governance and Compliance report, including the upcoming valuation training.	Completed.
19	Training Strategy	Michelle Oakensen	An amendment was required in section 16.2 of the report, to reflect the move away from the credit system		Completed.

Minutes of 23 April 2021

Minute number	Report Title	Action for	Action	Comment	Status
192	Administration Performance	Jo Walton	Agreed to change the presentation so that the objectives and controls/risks were more aligned. The task was set a tentative six-month completion aim.	Will be aligned at the same time as reviewing the Risk Register format.	Future activity
195	Pension Fund Annual Business Plan and Medium-Term Strategy 2021/22 to 2023/24	Mark Whitby	Consider adding responsible investments onto the objectives list.	To be discussed with investment advisors and then incorporated into next objectives review.	Being reviewed as part of the 2022/23 Business Plan.

CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

Date: 28 January 2022

Report by: Internal Audit

Subject:	Internal Audit Report 2020-21
Purpose of the Report	To present the findings of Internal Audit work during 2020-21.
Recommendations	The Board are asked to note the Internal Audit work during 2020-21.
Enquiries to:	Jacinta Fru, Head of Audit jacinta.fru@westnorthants.gov.uk

1. Background

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

2. Report Content

- 2.1 During 2020-21, Internal Audit work focused on the annual audit of the administration of the Cambridgeshire Pension Fund.
- 2.2 The audit assessed the adequacy of design and implementation of controls for the administration of the pension fund. Based on the completion of our fieldwork and the testing carried out, we gave **substantial** assurance the control environment in place and for **good** assurance for compliance. The full report is included as Appendix A.
- 2.3 The Internal Audit findings were noted by the Pension Fund Committee in July 2021.

3. Relevant Fund Objectives

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

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>
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>

4. Risk Management

- 4.1 Good governance ensures that the Pension Fund is appropriately managed and has oversight by audit to ensure transparency.
- 4.2 The risks associated with failing to independently assess the Pension Fund has been captured in the Fund's risk register as detailed below.

Risk Mitigated	Residual Risk
Contributions to the Fund are not received on the correct date and/or for the correct amount	Amber
Risk of fraud and error	Green
Failure to understand and monitor risk and compliance	Green
Failure to administer the scheme in line with regulations and guidance.	Green
Incorrect/poor quality data held on the Pension Administration and Payroll platforms leading to incorrect information being provided to members and stakeholders.	Green

- 4.3 Please see full details of the [Cambridgeshire Pension Fund Risk Register](#)

5. Finance & Resources Implications

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

6. Communication Implications

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

7. Legal Implications

- 7.1 The requirement for an Internal Audit function derives from section 151 of the Local Government Act 1972. All principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations 2015 in England should make provision for Internal Audit in accordance with the Code.

8. Consultation with Key Advisers

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

9. Alternative Options Considered

9.1 Not applicable

10. Background Papers

10.1 Not applicable

11. Appendices

11.1 Appendix 1 – Internal Audit Report: Administration of the Cambridgeshire Pension Fund 2020-21

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 12/1/2022

Appendix A

Internal Audit Final Report

Administration of the Cambridgeshire Pension Fund

Governance Opinion

Adequacy of System	Substantial
Compliance	Good
Organisational Impact of findings	Minor

Report Issued	30/4/2021
Follow up Date	January 2022

Executive Summary

1. Background

- 1.1. Pensions administers the Local Government Pension Scheme on behalf of Northamptonshire County Council and Cambridgeshire County Council. There are 156,000 members of the Northamptonshire and Cambridgeshire Pensions Funds and circa 563 scheme employers, the service holds a portfolio of assets in excess of £5.4 billion.
- 1.2. The administration of the scheme is subject to an annual audit and provides assurance around arrangements to the employer organisations, the Pensions Committee and also the Pension Fund's External Auditors.

2. Scope of Audit and Approach

- 2.1. The objectives of the review were to ensure that:

- New members are set up accurately (including transfers in) and on a timely basis.
- The correct contributions are received from employer organisations on a timely basis.
- Appropriate action is taken upon notification that a member has left the scheme.
- Pension payments are made accurately and in accordance with LGPS regulations and in line with relevant administering authority and employing authority discretions.
- Reconciliations related to Pensions are completed on a timely basis, with prompt action taken to clear unreconciled items.

The review also followed up actions agreed in the 2019/2020 review.

2.2. Approach

The audit process involved:

- Undertaking interviews with relevant officers, to ascertain the procedures in place.
- Evaluating whether the procedures in place provided for an adequate and effective level of control.
- Testing, where appropriate, that the controls identified were operating in practice.
- Reviewing procedures for efficiency and, where appropriate, identify opportunities to make improvements to processes.

2.3. Acknowledgements

We would like to thank all the members of staff consulted, for their assistance and co-operation during the course of this review.

3. Internal Audit Opinion and Main Conclusions

- 3.1.** The assurance given to the system design is **Substantial**. The assurance level reflects our view that effective and embedded procedures are in place to support pensions and that the audit identified minor control weaknesses in how key activity as defined in section 2.1 of the report was being administered.
- 3.2.** The assurance given for compliance is **Good**. Overall, the review found high levels of compliance with agreed procedures although the review did identify that independent checks were not always undertaken.
- 3.3.** The organisational impact of the findings is **Minor**. This reflects the fact that whilst a small number of improvements have been identified, these are considered to have a limited impact on the Cambridgeshire Pension Fund.
- 3.4.** Main recommendations
- For each of the issues identified, we have agreed actions in the action plan. When implemented these will positively improve the control environment. Detailed agreed actions are listed within the Management Action Plan (MAP) at pages 7 and 8 of this report.

Detailed Findings

4. Control Objective (1) – Appropriate systems are in place to ensure notification of new members (including transfers in) are recorded on the pensions systems accurately and on a timely basis.

4.1. Employers are responsible for notifying Pensions Fund of any employees who wish to join the pension scheme. This information is currently received by Pensions through two mechanisms:

- Electronic data submissions via I-connect, which is a bespoke system which interfaces with the pensions system.
- Manual forms from employees and employers these are very rare.

4.2. Irrespective of the mechanism, checks are undertaken to ensure that only correct and complete records are uploaded into the pensions system (Altair), which are then used to create the member record. This includes:

- Independent checks on manual information input onto the pensions system by Pension Officers, and
- Checks to ensure that electronic data received is accurately transferred to the pensions system. This includes ensuring that all submissions received from employers have been processed and that any rejected data is investigated and resolved.

4.3. A log is maintained to monitor receipt of the monthly employers returns and this also details outstanding information and queries resulting from returns. As at 12th April 2021 five returns are overdue and there is a process in place to follow these up.

4.4. At the year end, a validation check is undertaken to ensure all data is correct. At the time of reporting, 284 queries relating to 2019-20 had not yet been resolved. It has been acknowledged that resources have been prioritised on other work which has contributed to the work not yet being completed.

(See MAP 1)

4.5. New members who wish to transfer in from another pension scheme are able to do so providing they complete the appropriate forms and meet defined criteria. Ten transfers into the Cambridgeshire Pension Fund (CPF) were tested and controls were found to be working in that:

- A transfer in request form was on file signed by the member.
- The pension certificate has been provided by the previous pension provider.
- The payment had been received from the previous pension provider.
- The member's pension record on Altair had been updated accurately.

In reviewing oversight of this activity, whilst procedures detail that the calculation of the transfer value should be subject to an independent check by a senior administrator, we found that:

- In three instances, no evidence of independent review was found. We were advised that working practice is that where an experienced administrator undertakes this task, no independent check is required for cases up to £10,000. From an audit perspective, we would expect independent checks on all calculations and that if a decision is made to change the process, this should be formally reflected in procedures agreed by the Head of Pensions in conjunction with the Pensions Committee.

(See Map 2)

- In two instances, an independent check was undertaken although this was by a Pensions Officer and not a Team Leader.

(See MAP 3)

5. Control Objective (2) - Mechanisms exists to ensure the correct contributions are received from employer organisations in line with agreed deadlines on a timely basis.

- 5.1.** A clearly defined process is in place to oversee the monthly payment of employer contributions to the CPF. Employers submit details of their contributions each month on a PEN18 electronic return. The PEN18s system checks that employer contributions received agree to actuary percentage rate for pensionable pay for employer's contributions. This system is automated so that when the data is fed into the system it calculates the amount due based on pensionable pay, this is then compared to the amount received. A check is also completed at the same time to monies received. Where variances occur the employer is contacted and they either adjust the next payment or invoice the employer.
- 5.2.** Records are maintained for employers and their contributions. For a limited sample, evidence was found that contributions reflected in the PEN18 returns (which provide details of summary total employer and employee contributions) were agreed as accurate. Payments were received from employers in line with agreed deadlines and traced to the Pension Fund bank account.
- 5.3.** In addition to the monthly process, an annual reconciliation of employer and member contributions to monies received takes place. A review of the 2019-20 reconciliation identified four queries which have been investigated and resolved.

6. Control Objective (3) - Appropriate action is taken upon notification that a member has left the scheme.

- 6.1.** Employers notify the Pensions Team when an employee leaves and the member's pension is then "deferred" until payments are due. Action is taken if a request or event takes place. These are considered below.
- 6.2.** Ten transfers out of the pension scheme were reviewed and testing highlighted that:
- A transfer out request form was on file signed by the member.
 - Confirmation from the employer / Payroll was on file to confirm the member had left their pensionable employment.

- A calculation of the transfer out value was on file which had been subject to review and authorisation. Four of the sample was approved by a Pension Officer rather than a Team Leader. (See section 4.5).
- The payment had been made to the appropriate Pension Fund.

(See MAP 3)

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

- A death certificate was on file in all cases.
- The pension was stopped on a timely basis.
- A reconciliation had been completed to confirm if over / under payments had occurred and appropriate action was taken based on the findings. In two instances the calculation was checked by Pension Officer rather than a Team Leader. This practice is not in line with documented process.

(See MAP 3)

7. Control Objective (4) - Pension payments are made accurately and in accordance with regulations and agreed procedures.

- 7.1.** Pension payments can be set up for both new and dependent pensioners. For a new pensioner, the Pensions Team will initially seek confirmation that the member has left their pensionable employment. This information can either be provided by the employer or through Payroll. The Pensions Team then seek to validate key information including the member's date of birth, length of service and pay details. This information is then used to calculate the pension payment and then the payment is set up on the pension payroll. Both the calculation and setting up on the pension payroll are subject to independent checks for accuracy. Testing of five new pensioners highlighted that all cases a calculation was checked by a Pensions Officer rather than a Team Leader.

(See MAP 3)

- 7.2.** For dependent pensioners, similar checks are undertaken as outlined above apart the initial focus is on seeking official notification that the member has died, and confirming the status of the dependent, and for death in service / pensioner deaths, a calculation of potential death grants was also completed. Testing of five new dependent pensioners found pensions being paid all relevant confirmation and documents were received from the respective parties. However, testing found four instances where the calculation was checked by a Pension Officer rather than a Team Leader.

(See MAP 3)

- 7.3.** For all pensioners, the annual payment uplift process is an automated process as pensioner and payroll records are held on the Altair System. Evidence of the uplift process was held and the checking process undertaken to confirm that the correct uplift had been actioned.

8. Control Objective (5) - Reconciliations related to Pensions are completed on a timely basis, with prompt action taken to clear unreconciled items.

8.1. Bank Reconciliations – The Council has four bank accounts, namely:

- 1) Accounts Payable
- 2) Accounts Receivable
- 3) Liquidity
- 4) Salaries

8.2. A review of monthly reconciliations completed by the NCC Business Systems Team covering the period April 2020 to January 2021 highlighted that:

- Monthly reconciliations had all been completed.
- Reconciliations were completed on a timely basis.
- A clear audit trail existed as to the officer in the Business Systems Teams who has completed and reviewed the reconciliation.

8.3. A detailed review of the June, September and December 2020 reconciliations for all four bank accounts found that the reconciliations completed were accurate and that all entries could be agreed to appropriate source documentation. Across the four accounts, we have found that unreconciled items were generally cleared on a timely basis.

8.4. Based on a review of the January 2020 reconciliations, the following items were unreconciled and were in excess of three months old:

Accounts Payables

Area	No	Amount (£)
Unreconciled Bank Statement Transactions	1	10,000.00
Unreconciled General Ledger Transactions	1	334,364.42

Accounts Receivable

Area	No	Amount (£)
Unreconciled Bank Statement Transactions	2	9,696.00
Unreconciled General Ledger Transactions	121	6,759,493.85

Liquidity

Area	No	Amount (£)
Unreconciled Bank Statement Transactions	1	9,210,143.42

- 8.5.** Apart from one transaction where the reconciliation indicates that this will be matched in February 2021, all the other unreconciled items relates to the pension fund changing its bankers during the year and the unreconciled items being held in the previous pension fund bank accounts. This has progress by the Business Systems and the Treasury Teams and a visual inspection of the March 2021 reconciliations has confirmed that this matter has now been resolved.
- 8.6.** Payroll Control Accounts – Based on the same approach to bank reconciliations, audit tested seven pension fund control accounts (e.g. Net Pay, Debtors, Suspense, Altair Third Party Payment, Altair, Payroll Control and Payroll Third Party) between April 2020 and January 2021.
- 8.7.** Whilst the review found some administrative issues with the reconciliations which will be raised with Payroll directly, testing highlighted that monthly reconciliation had been completed on a timely basis with a clear audit trail to support who had completed. However, there was no evidence that reconciliations were subject to independent review.
- 8.8.** Furthermore, we found that unreconciled items were generally cleared on a timely basis with only a small number of unreconciled items in excess of three months old, which were primarily linked to the Altair Third Party Payment control account.

Management Action Plan

Likelihood	H	S	I	E	The Agreed Actions are categorised on the following basis:	
	M	S	I	E		
	L		S	I		
		L	M	H		
		Impact				
					<u>Essential</u>	Action is imperative to ensure that the objectives for the area under review are met.
					Important	Requires action to avoid exposure to significant risks in achieving objectives for the area under review.
					Standard	Action recommended enhancing control or improving operational efficiency.

Ref	Issue and Risk	Category	Agreed actions	Responsible Manager & Target Date
1	<p><u>Annual Validation Check</u> At the year end, a validation check is undertaken to ensure all data is correct. At the time of reporting, 284 queries relating to 2019-20 had not yet been resolved. It has been acknowledged that resources have been prioritised on other work which has contributed to the work not yet being completed.</p> <p><u>Risk</u> Creates a delay in processing payments. Potential errors are not identified.</p>	Important	To develop a plan of action to resolve the outstanding queries and ensure there is a mechanism in place to prevent the build of queries going forward.	Projects & Systems Manager 30/6/2021

Ref	Issue and Risk	Category	Agreed actions	Responsible Manager & Target Date
2.	<p><u>Transfer In – Independent Check</u></p> <p>Based on testing, we identified four transfer calculations that were not subject to independent review. We were advised that working practice is that where an experienced administrator undertakes the calculation of the transfer value, no independent check is required for cases up to £10,000. This is not consistent with procedures and no evidence was provided as to who agreed not to follow procedures in such circumstances.</p> <p><u>Risk</u> Errors not detected.</p>	Important	To review the current practices in light of the risk of error and align practices to approved procedures.	Operations & Technical Manager 31/8/2021
3.	<p><u>Independent Checks</u></p> <p>Through sample testing of various activity, we identified a relatively small number of cases where the independent check was undertaken by a Pensions Officer rather than a Team Leader as stated in procedures. From an audit perspective, the important factor is that routine independent checks are carried out by an appropriately experienced officer rather than by an officer at a certain grade.</p> <p><u>Risk</u> Non-compliance with procedures.</p>	Standard	To align working practices with procedures.	Operations & Technical Manager 31/12/2021

Distribution List

Full Report Issued for Action: Mark Whitby – Head of Pensions
Joanne Walton - Governance and Regulations
Manager

Full Report Issued for Information: Tom Kelly – Head of Finance
Sarah Heywood – Strategic Finance Manager

Issue Date: 30/4/2021

Audit Committee Date: 1/6/2021

This audit and report has been prepared in line with the Internal Audit Manual and has been subject to appropriate review.

LGSS Chief Internal Auditor Approval: Duncan Wilkinson

Quality Reviewed: Stephen Mangan

Lead Auditor: Minashi Patel

CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

28 January 2022

Report by: Head of Pensions

Subject	Administration Performance Report
Purpose of the Report	To present the Administration Performance Report to the Pension Fund Board
Recommendations	The Pension Fund Board are asked to note the Administration Performance Report
Enquiries to:	Jo Kent, Governance and Regulations Manager joanne.kent@westnorthants.gov.uk

1. Background

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

2. Administration Performance

- 2.1 At its meeting of 5 November 2021 the Board requested further administrative performance information in addition to the standing items set out in the following sections. This was to provide assurance to the Board that standing items presented provided an accurate portrayal of customer journeys and the performance standards of the Fund.
- 2.2 During the period April to November 2021, 11 complaints were managed informally by the Operations Manager; some of these would have escalated to the Internal Dispute Resolution Process and have previously been reported. 8 compliments were also recorded during this period. A single complaint was also received from a scheme employer during this period, dealt with by the Employer Manager.
- 2.3 To put this into context, over the same period 7,033 calculation tasks were completed in connection with the Cambridgeshire Fund. Approximately 2,600 of these have not formed part of previous reporting and relate to refunds, amalgamations and death grants. Note this total excludes certain quotation tasks e.g. for potential deferred benefits into payment. The Fund would also have published tens of thousands of annual benefit statements for each active and deferred pensioner member.

- 2.4 The Fund issues member surveys to scheme members where a check task has been completed on our workflow system. Over 1,000 surveys have been issued to Cambridgeshire members since June 2021 with response rates now broadly in the range 16% to 25%. Over the last 3 months (October to December 2021) scheme members have given the Fund's administration a rating of 3.91/5.00. Note this rating is for Cambridgeshire and Northamptonshire Fund administration combined. This rating is pleasing as there is inevitably an element of self-selection in those members who decide to respond, but any feedback is analysed and changes implemented where necessary.
- 2.5 The Operations Manager monitors the main Pensions and team inboxes daily to identify any resourcing or other issues. As at December 2021 all inboxes were up to date and cases received that same day were being allocated and dealt with.
3. Key Performance Indicators – Pensions Service
- 3.1 The Pension Fund Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of the Pensions Service.
- 3.2 Full KPI details for the period 1 October to 31 December 2021 can be found in appendix 1.
- 3.3 Over the 3-month period service performance has been consistently good with all targets being met.
4. Receipt of Employee and Employer Contributions
- 4.1 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.
- 4.2 The table in appendix 2 shows the percentage of employers in the Cambridgeshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late for the period 1 December 2020 to 30 November 2021.
- 4.3 In September 99.6% of payments were made on time and in both October and November 99.2% of payments were made on time. The current yearly average for payments made on time is 99.6% and schedules being received on time is 99.8%.
5. Breaches of the Law
- 5.1 There are various laws relating to the Local Government Pension Scheme, with various individuals, including the Pension Fund Board, having a statutory duty to report material breaches of the law to the Regulator. The Cambridgeshire Pension Fund maintains a record of both material breaches that are reported to the Pensions Regulator as well breaches that are deemed not to be of material significance and so are not reported to the Pensions Regulator.
- 5.2 For the period 1 October to 31 December 2021, the following breaches occurred:

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	None
Non Material Breaches	6 refund of contribution payments were paid outside of the statutory 5 year period.	No further action at this stage, it is likely that the legislation surrounding this will be amended to remove the 5 year requirement.
	4 stage 2 Internal Dispute Resolution Procedure cases were not completed within the statutory two-month time period and individuals were not issued with an extension letter as required by the LGPS Regulations. 1 stage 2 IDRP case is an employer decision dispute and the remaining three are administering authority disputes (see section 6).	The stage 2 adjudicator has been informed of this breach of the law. At the time of writing this report officers were waiting for an update on how the matter would be resolved.

6. Internal Dispute Resolution Procedure

- 6.1 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.
- 6.2 Disputes that are upheld at stage 1 may still progress to stage two if the scheme member or their representative remains unsatisfied with the overall outcome. The outcome may not fully meet the complainant's expectations – particularly if their perception is that their financial loss was greater than any compensation awarded, or the level of non-financial injustice award was not consistent with their expectation.
- 6.3 The following table details that activity undertaken during the period 1 October to 31 December 2021 with regards to administering authority disputes.

Nature of dispute	Stage 1 (Head of Pensions)	Stage 2 (Cambridgeshire County Council Monitoring Officer)
Issues with membership records, providing inconsistent details and delays in response.	Upheld (2 July 2021)	Received 13 October 2021. Deadline for response 12 November 2022. See section 5.2.
Seeking reinstatement/compensation for deferred pension being transferred to an overseas pension scheme on 2015	Not upheld (2 March 2021)	Received 28 August 2021. Deadline for response extended to 12 November and 10 December 2021. See section 5.2.
Length of time to finalise early payment of benefits on	Partially upheld (17 August 2021).	Received 27 September 2021. Deadline for

ill health grounds for a terminally ill deferred member and other issues regarding payment of benefits		response extended to 20 December 2021. See section 5.2.
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- 6.4 The following table details that activity undertaken during the period 1 October to 31 December 2021 with regards to stage two employing authority disputes.

Nature of dispute	Stage 1 (Scheme Employer Adjudicator)	Stage 2 (Cambridgeshire County Council Monitoring Officer)
Employer requested member to pay missing employee contributions that arose due to a payroll system error	Not upheld (27 July 2021)	Received 1 August 2021. Deadline for response extended to 26 November and 20 December 2021. See section 5.2.

7. Employers Admissions and Cessations

- 7.1 The following admitted bodies were admitted to the Cambridgeshire Pension Fund:

- Compass Contract Services (Diocese of Ely & Stephen Perse Foundation)
- Excellerate Services UK Limited (Huntingdon Youth Centre)

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

- Compass Contract Services (Stephen Perse Foundation)
- Feldale Internal Drainage Board
- VHS Cleaning Services (Bewick Bridge Community Primary School)

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 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>

9. Risk Management

- 9.1 The Fund's Administration Strategy sets out the performance standards of both the scheme employer and the administering authority. The Pension Fund Committee and Pension Fund Board are expected to monitor performance standards through information contained within the Administration Report which is presented at each meeting.
- 9.2 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below -

Risk	Residual risk rating
Information may not be provided to stakeholders as required.	Green
Those charged with governance are unable to fulfil their responsibilities effectively	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

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

10. Communication Implications

Direct communications	The Fund publishes performance against the key performance indicators in the regular reports to the Pension Fund Committee and Pension Fund Board and in the Fund's Annual Report. Employers of the Fund are guided through the admission process and directly kept up to date with requirements and progress. Members who enter the Internal Dispute Resolution Procedure are kept informed of progress within the statutory timescales.
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11. Finance & Resources Implications

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

12. Legal Implications

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

13. Consultation with Key Advisers

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

14. Alternative Options Considered

- 14.1 Not applicable

15. Background Papers

15.1 Not applicable

16. Appendices

16.1 Appendix 1 Key Performance Indicators – Pensions Service

16.2 Appendix 2 Receipt of Employee and Employer Contributions

16.3 Appendix 3 Late payment of employer contributions (**exempt**)

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 11 January 2022

Appendix 1 - Key Performance Indicators – Pensions Service October to December 2021

Function/Task	Indicator	Target	Month	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%	October November December	127 156 163	118 141 159	9 15 4	93 90 98	Green Green Green	SLA target met SLA target met SLA target met
Payment of retirement benefits from active employment	Notify employees retiring from active membership of benefits award, from date payable or date of receiving all necessary information if later within 5 working days.	95%	October November December	49 57 41	48 57 39	1 0 2	98 100 95	Green Green Green	SLA target met SLA target met SLA target met
Payment of pension benefits from deferred membership status	Notify members retiring from deferred membership status of benefits award, from date payable or date of receiving all necessary information if later within 10 working days.	90%	October November December	48 81 70	43 74 69	5 7 1	90 91 99	Green Green Green	SLA target met SLA target met SLA target met
Award dependant benefits – Statutory	Issue award within 5 working days of receiving all necessary information.	95%	October November December	24 23 18	24 23 18	0 0 0	100 100 100	Green Green Green	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%	October November December	41 50 41	41 46 41	0 4 0	100 92 100	Green Green Green	SLA target met SLA target met SLA target met
Provide transfer-in quote to scheme member – Statutory	Letter issued within 10 working days of receipt of all appropriate information.	95%	October November December	32 65 29	32 65 28	0 0 1	100 100 97	Green Green Green	SLA target 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%	October	13	13	0	100	Green	SLA target met
			November	36	36	0	100	Green	SLA target met
			December	33	33	0	100	Green	SLA target met

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

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

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

Appendix 2 - Receipt of Employee and Employer Contributions

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
December 2020	100	0	100	0
January 2021	100	0	100	0
February 2021	100	0	100	0
March 2021	100	0	100	0
April 2021	99.2	0.8	99.6	0.4
May 2021	99.8	0.2	99.8	0.2
June 2021	99.8	0.2	99.8	0.2
July 2021	98.6	1.4	98.6	1.4
August 2021	100	0	99.8	0.2
September 2021	99.6	0.4	99.8	0.2
October 2021	99.2	0.8	99.8	0.2
November 2021	99.2	0.8	100	0
Average for period	99.6	0.4	99.8	0.2

CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

28 January 2022

Report by: Head of Pensions

Subject	Cambridgeshire Pension Fund Risk Register
Purpose of the Report	To present the Cambridgeshire Pension Fund Risk Register
Recommendations	The Pension Fund Board are asked to review the Cambridgeshire Pension Fund Risk Register
Enquiries to:	Michelle Oakensen, Governance Officer michelle.oakensen@westnorthants.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. Following this approval, the Pension Fund Board have reviewed the risks facing the Fund on a quarterly basis and the Pension Fund Committee have reviewed on a bi-annual basis. This report is a continuation of the review process to ensure the risk register remains up to date and relevant.
- 1.2 At this time it was agreed that the Pension Fund Board would monitor risks on a quarterly basis and the Pension Fund Committee would review on a bi-annually basis unless any concerns were raised by the Board prior to this.
- 1.3 This supports the Pension Regulator's Code of Practice 14 – Governance and administration of public service pension schemes with regards to monitoring and reviewing risks. This code of practice can be found at the following link - [Codes of practice | The Pensions Regulator](#).
- 1.4 The Risk Register was last reviewed by the Pension Fund Board on the 5 November 2021 and the Pension Fund Committee on 13 December 2021.

2. Review of the Cambridgeshire Pension Fund Risk Register

- 2.1 Presentational changes have been applied to the Risk Register summary to allow the reader to easily identify any changes in risk scores at each review and the objectives have also been included to allow easier cross referencing for each risk.
- 2.2 The more detailed changes to the register as part of this review are listed below:

Risk No	Risk	Proposed change(s)
1.	Employers unable to pay increased contribution rates.	To remove the word <u>increased</u> from the risk description as a difficulty to pay contributions may not necessarily be linked to an increase in the rate.
3.	As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	Mitigations amended/added as follows: <ul style="list-style-type: none"> • A new Responsible Investment Policy has been agreed that increases the climate and carbon reporting requirements of the Fund and its managers • An action plan is being developed to help reduce the carbon risk within the Fund's investments and transition to a more sustainable portfolio • The Head of Pensions is chairing an ACCESS Task & Finish Group helping ensure the Fund's Responsible Investment ambitions can be met through the ACCESS Pool
6.	The Pension Fund and its members may become a target for fraudsters and criminals (cybercrime).	Mitigation added: Highest risk third parties have completed a cyber survey and action plans are being developed from responses
8.	The Investment Strategy's risk reward profile does not match the requirements of the Fund.	Mitigation added: Investment allocations are closely monitored, in particular the Investment Sub Committee receives quarterly performance reports which highlight variations from the strategic asset allocation
12.	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	Updated mitigation: Escalation pathways have been agreed with the Fund's major providers of member data.
13.	Failure to recognise and manage conflicts of interest.	Mitigation added: Conflicts of Interest Policy will be developed following guidance from the Scheme Advisory Board and DLUHC resulting from the GGR
14.	Incorrect/poor quality data held on the Pension Administration and Payroll platforms or delays with receiving information leading to incorrect	Updated mitigations: <ul style="list-style-type: none"> • The Data Improvement Policy and Plan are in place and reviewed annually. • The Local Pension Board have oversight of policy reviews in line with Pension Committee approvals.
20.	Actual experience materially differs from actuarial assumptions used at each valuation.	Mitigation updated: Investment performance is reported quarterly to the Fund Actuary.
24.	Unable to deliver pension services due to inadequate recruitment and retention processes	Risk scoring updated: Residual likelihood 3 moved back to 2 due to establishment increase.

25.	Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.	Updated mitigation: The Fund has an appropriate Investment Strategy Statement in place which the Fund's Responsible Investment Policy. An action plan is being developed to help reduce the carbon risk within the Fund's investments and transition to a more suitable portfolio.
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2.3 Board members are asked to review the full risk register located in appendix 1 of this report and advise if any further changes are required.

2.4 Officers have identified a number of short term risks that should be noted by the Pension Fund Board as follows:

2.4.1 The impact of the pandemic – In light of the Omicron variant, most Officers are still predominately working from home. Numbers of staff in the office have been kept to a minimum to allow for the continuation of incoming and outgoing calls for members.

The Service has seen minimal impact due to covid related illness during the period.

2.4.2 Knowledge for new members of the Pension Fund Committee and Pension Fund Board – The deadline for completion of the core competency modules was 31 December 2021, however not all Committee and Board members had completed all 7 modules of this training and an email was issued confirming an extension to 31 January 2022. It is imperative that all the training is undertaken by this time to comply with the Pensions Regulator requirements and to reduce the risk of challenge on any decisions made.

3. Relevant Pension Fund Objectives

To 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.
To 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.
To 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.
To continually monitor and measure clearly articulated objectives through business planning.
To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

4. Risk Management

4.1 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.

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

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

4.3 The full risk register can be found in appendix 1.

5. Communication Implications

Direct communications	The risk register and risk strategy is on the Pensions Service Website. The Local Pension Board will be kept up to date with risks at each meeting.
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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 The Cambridgeshire Pension Fund Risk Strategy - [Key documents \(CCC\) - Cambridgeshire and Northamptonshire LGPS](#)

11. Appendices

11.1 Appendix 1 The Cambridgeshire Pension Fund Risk Register

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 11/01/2022

Appendix 1 – Cambridgeshire Pension Fund Risk Register

Risk No	Risk Description	Previous Assessment			Current Assessment			Movement	Action/Comment
		Impact	Likelihood	Residual Rating	Impact	Likelihood	Residual Rating		
1.	Employers unable to pay contribution rates.	4	3	12	4	3	12	-	
2.	Failure to respond to changes in economic conditions.	4	3	12	4	3	12	-	
3.	As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	3	3	9	3	3	9	-	
4.	Contributions to the Fund are not received on the correct date and/or for the correct amount.	4	2	8	4	2	8	-	
5.	Fund assets are not sufficient to meet obligations and liabilities.	4	2	8	4	2	8	-	
6.	The Pension Fund and its members may become a target for fraudsters and criminals (cybercrime)	4	2	8	4	2	8	-	
7.	Information may not be provided to stakeholders as required.	3	2	6	3	2	6	-	
8.	The Investment Strategy's Risk Reward profile does not match the requirements of the Fund.	3	2	6	3	2	6	-	
9.	Those charged with governance are unable to fulfil their responsibilities effectively.	3	2	6	3	2	6	-	
10.	Risk of fraud and error.	3	2	6	3	2	6	-	
11.	Failure to understand and monitor risk compliance.	3	2	6	3	2	6	-	
12.	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	2	3	6	2	3	6	-	
13.	Failure to recognise and manage conflicts of interest.	2	3	6	2	3	6	-	

Risk No	Risk Description	Previous Assessment			Current Assessment			Movement	Action/Comment
		Impact	Likelihood	Residual Rating	Impact	Likelihood	Residual Rating		
14.	Incorrect/poor quality data held on the Pension Administration and Payroll platforms or delays with receiving information leading to incorrect information/delayed provision of information to members and stakeholders	3	2	6	3	2	6	-	
15.	Custody arrangements may not be sufficient to safeguard Pension Fund assets.	4	1	4	4	1	4	-	
16.	Pension Fund systems and data may not be secure and appropriately maintained	4	1	4	4	1	4	-	
17.	Failure to administer the scheme in line with regulations and guidance.	4	1	4	4	1	4	-	
18.	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	2	2	4	2	2	4	-	
19.	Pension Fund investments may not be accurately valued.	2	2	4	2	2	4	-	
20.	Actual experience materially differs from actuarial assumptions used at each valuation.	2	2	4	2	2	4	-	
21.	Failure to act appropriately upon expert advice and/or risk of poor advice.	2	2	4	2	2	4	-	
22.	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met in conjunction with the Fund Actuary/specialist advisors.	2	2	4	2	2	4	-	
23.	Unable to deliver pension services due to an inadequate business continuity plan.	2	2	4	2	2	4	-	

Risk No	Risk Description	Previous Assessment			Current Assessment			Movement	Action/Comment
		Impact	Likelihood	Residual Rating	Impact	Likelihood	Residual Rating		
24.	Unable to deliver pension services due to inadequate recruitment and retention processes.	2	3	6	2	2	4	↓	Decrease in residual likelihood score to reflect appointments being made within the service.
25.	Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.	3	1	3	3	1	3	-	
26.	Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage.	3	1	3	3	1	3	-	
27.	Pension Fund objectives are not defined and agreed.	2	1	2	2	1	2	-	

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

Likelihood of risk occurring

Appendix 1 – Cambridgeshire Pension Fund Risk Register

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 contribution rates. <i>Responsible Lead(s): Employer Services and Systems Manager. Relevant objective: 9</i>	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. <i>Responsible Lead(s): Fund Accounting Manager and Investment Manager. Relevant objectives: 15,16</i>	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 at least a triennial basis. The Fund publishes an Investment Strategy Statement, incorporating a Responsible Investment Policy, which is regularly reviewed. The Fund has currency hedging and equity protection arrangements in place. Coronavirus pandemic: Increased engagement with investment managers and monitoring of asset movements. 	4	3	12	A

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
3.	<p>As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.</p> <p><i>Responsible Lead(s): Fund Accounting Manager and Investment Manager.</i> <i>Relevant objectives: 18,19</i></p>	4	4	16	R	<ul style="list-style-type: none"> Investment managers are required to take account of both financial and non-financial factors in their investment decisions. A new Responsible Investment Policy has been agreed that increases the climate and carbon reporting requirements of the Fund and its managers. An action plan is being developed to help reduce the carbon risk within the Fund's investments and transition to a more sustainable portfolio The Head of Pensions is chairing an ACCESS Task & Finish Group helping ensure the Fund's Responsible Investment ambitions can be met through the access Pool. 	3	3	9	A
4.	<p>Contributions to the Fund are not received on the correct date and/or for the correct amount.</p> <p><i>Responsible Lead(s) Fund: Accounting Manager.</i> <i>Relevant objectives: 1,8,9,16</i></p>	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

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
5.	<p>Fund assets are not sufficient to meet obligations and liabilities.</p> <p><i>Responsible Lead(s): Fund Accounting Manager and Investment Manager.</i> <i>Relevant objectives: 2,16,17,19</i></p>	4	3	12	A	<ul style="list-style-type: none"> The Funding Strategy Statement is reviewed every 3 years or more often as required. The Fund Actuary considers asset valuations and the Fund Investment Strategy in setting employer contributions rates. The Fund has currency hedging and equity protection arrangements in place. 	4	2	8	A
6.	<p>The Pension Fund and its members may become a target for fraudsters and criminals (cybercrime).</p> <p><i>Responsible Lead(s): All managers</i> <i>Relevant objectives: 10,11</i></p>	4	3	12	A	<ul style="list-style-type: none"> Cyber hygiene arrangements in place for system access. Disaster recovery plans are in place for major data processors. Compulsory annual online training for Officers on Cyber resilience and Data Protection. Cyber Strategy and Action Plan developed Data asset mapping undertaken (and will be continually reviewed) to understand risks during data transfer and whilst data is held by third parties Highest risk third parties have completed a cyber survey and action plans are being developed from responses 	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
7.	<p>Information may not be provided to stakeholders as required.</p> <p><i>Responsible Lead(s): All Managers</i> <i>Relevant objectives: 14</i></p>	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. • Communications Officer now in place. • Membership of the LGA Communications Working Group. • Membership of the Regional Joint Communications Group. • Communication and Digital Communication Strategy in place. 	3	2	6	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
8.	<p>The Investment Strategy's risk reward profile does not match the requirements of the Fund.</p> <p><i>Responsible Lead(s): Fund Accounting Manager and Investment Manager</i> <i>Relevant objectives: 16,17,18</i></p>	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 Committee's investment decisions. At each triennial valuation the Fund Actuary considers and makes a statement on the links and consistency between the Fund's Funding Strategy and Investment Strategy. Investment allocations are closely monitored, in particular the Investment Sub Committee receives quarterly performance reports which highlight variations from the strategic asset allocation. 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

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
9.	Those charged with governance are unable to fulfil their responsibilities effectively. <i>Responsible Lead(s): Governance and Regulations Manager. Relevant objectives: 2,3</i>	3	4	12	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 the Local Authority Pension Funds Forum (LAPFF) and the Pension and Lifetime Savings Association (PLSA). • CIPFA Skills and Knowledge training within 6 months of joining followed by targeted training based on decisions that the Committee are asked to make. 	3	2	6	G
10.	Risk of fraud and error. <i>Responsible Lead(s): All Managers Relevant objectives: 2,10</i>	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 overseas pensioner existence checks. • Robust processes in place including segregation of duties and authorisation protocols. • Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams. • Aspects of the control environment are tested by Internal Audit and External Audit. 	3	2	6	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
11.	<p>Failure to understand and monitor risk compliance.</p> <p><i>Responsible Lead(s): Governance and Regulations Manager.</i> <i>Relevant objective: 5</i></p>	3	2	6	G	<ul style="list-style-type: none"> • Business Continuity plan in place and is reviewed 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
12.	<p>Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.</p> <p><i>Responsible Lead: Employer Services and Systems Manager.</i> <i>Relevant objective: 8</i></p>	3	4	12	A	<ul style="list-style-type: none"> • Employers are made aware of their responsibilities upon admission via the Pension Service website and direct employer communication. • Training is provided to employers by a dedicated Employer's Team as required. • The importance of a statutory deadlines is stressed to employers through regular communications and events such as the Employer Forum. • Support is also available through the website, dedicated employers help line and templates issued where applicable. • An Administration Strategy is in place setting out employer performance targets. • Escalation pathways have been agreed with the Fund's major providers of member data. 	2	3	6	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
13.	<p>Failure to recognise and manage conflicts of interest.</p> <p>Responsible Lead: Governance and Regulations Manager. Relevant objectives: 2,10</p>	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 Councillor declaration register. • Conflicts of Interest Policy in place for the Local Pension Board. • Committee and Board members are encouraged to undertake the Pension Regulator's Toolkit which includes a conflicts of interest module. • Governance and legal advice sought as required • Conflicts of Interest Policy will be developed following guidance from the Scheme Advisory Board and DLUHC resulting from the GGR 	2	3	6	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
14.	<p>Incorrect/poor quality data held on the Pension Administration and Payroll platforms or delays with receiving information leading to incorrect information/delayed provision of information to members and stakeholders</p> <p><i>Responsible Lead(s): Governance and Regulations Manager</i> <i>Relevant objectives: 15,16</i></p>	3	3	9	A	<ul style="list-style-type: none"> The Data Improvement Policy and Plan are in place and reviewed annually. The Local Pension Board have oversight of policy reviews in line with Pension Committee approvals. The Pension Committee and Local Pension Board receive updates against the plan quarterly. Dedicated Employer Services Team to query/chase data as required. Administration Strategy in place which sets out expectations of employers and potential sanctions. Escalation process in place for repeated incorrect or delayed data being received by the Fund. 	3	2	6	G
15.	<p>Custody arrangements may not be sufficient to safeguard Pension Fund assets.</p> <p><i>Responsible Lead(s): Fund Accounting Manager and Investments Manager</i> <i>Relevant objectives: 1,2,3</i></p>	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. 	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
16.	<p>Pension Fund systems and data may not be secure and appropriately maintained.</p> <p><i>Responsible Lead(s): Employers Services and Systems Manager. Relevant objectives: 10,11</i></p>	4	2	8	A	<ul style="list-style-type: none"> • System user controls are in place including regular password changes. • Access rights are controlled and 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 by adhering to legislation, meeting disclosure regulations and following statutory guidance. • Hosted pensions server and backup server are at separate sites. • Disaster recovery plans are in place for both the administration system software supplier and the authority. • Compulsory annual online training for Officers on Cyber resilience and Data Protection. • Data asset mapping is being undertaken (and will be continually reviewed) to understand risks during data transfer and whilst data is held by third parties. • Continually keeping up to date with evolving developments to ensure robust cyber resilience in conjunction with specialist advice, including the resilience when using laptops and non-corporate Wi-Fi networks. 	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
17.	<p>Failure to administer the scheme in line with regulations and guidance.</p> <p><i>Responsible Lead(s): All Managers</i> <i>Relevant objectives: 1,2,3,16</i></p>	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 regional Pension Officer working groups 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 the Local Authority Pension Funds Forum (LAPFF) and the Pension and Lifetime Savings Association (PLSA). • Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams. 	4	1	4	G

Appendix 1 – Cambridgeshire Pension Fund Risk Register

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
18.	<p>Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.</p> <p><i>Responsible Lead(s): All Managers</i> <i>Relevant objectives: 1,2,3,16</i></p>	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 (for Pensions Committee papers) and Head of Pensions. 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
19.	<p>Pension Fund Investments may not be accurately valued.</p> <p><i>Responsible Lead(s): Fund Accounting Manager and Investments Manager.</i> <i>Relevant objectives: 2,10,17,18</i></p>	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 Fund's Custodian to ensure accuracy of asset valuations. Officers perform a quarterly reasonableness check on the Custodian valuations by comparison with investment manager reports. 	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.	<p>Actual experience materially differs from actuarial assumptions used at each valuation.</p> <p><i>Responsible Lead(s): Employer Services and Systems Manager. Relevant objectives: 9,17,18</i></p>	3	3	9	A	<ul style="list-style-type: none"> Assumptions and actual experience are analysed through triennial valuations to ensure assumptions remain appropriate. Officers in partnership with Fund advisers report asset allocation performance quarterly to the Investment Sub Committee. Investment performance is reported quarterly to the Fund Actuary. A specialist longevity service is employed to provide accurate Fund specific longevity analysis. Probability based/stochastic modelling techniques are used by the Fund Actuary to reduce the reliance on deterministic assumptions, ensuring numerous possible financial scenarios are modelled. 	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
21.	<p>Failure to act appropriately upon expert advice and/or risk of poor advice.</p> <p><i>Responsible Lead(s): All Managers</i> <i>Relevant objectives: 17,18,19,20</i></p>	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 and attend relevant industry conferences. Detailed training records are maintained. • Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams. • Continually keeping up to date with evolving developments ensure robust cyber resilience in conjunction with specialist advice. 	2	2	4	G
22.	<p>Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met in conjunction with the Fund Actuary/specialist advisors.</p> <p><i>Responsible Lead(s): Employer Services and Systems Manager.</i> <i>Relevant objectives: 9,17,18</i></p>	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

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
23.	<p>Unable to deliver pension services due to an inadequate business continuity plan.</p> <p><i>Responsible Lead(s): All Managers.</i> <i>Relevant objectives: 8</i></p>	3	2	6	G	<ul style="list-style-type: none"> • Business Continuity plan in place and is reviewed at least annually. • Business continuity arrangements includes the ability for staff to work remotely to meet the demands of the service. • Multi skilling across the service for flexibility and resilience. 	2	2	4	G
24.	<p>Unable to deliver pension services due to inadequate recruitment and retention processes.</p> <p><i>Responsible Lead(s): All Managers.</i> <i>Relevant objectives: 8</i></p>	3	3	9	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. • Establishment increased to allow for a higher vacancy factor in key teams • Utilising additional recruitment avenues. 	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
25.	<p>Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.</p> <p><i>Responsible Lead: Accounting and Investment Manager. Relevant objectives: 1,2,3,19</i></p>	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 the Fund's Responsible Investment Policy. An action plan is being developed to help reduce the carbon risk within the Fund's investments and transition to a more suitable portfolio. 	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
26.	<p>Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage.</p> <p><i>Responsible Lead(s): All Managers.</i> <i>Relevant objectives: 1,2,10</i></p>	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
27	<p>Pension Fund objectives are not defined and agreed.</p> <p><i>Responsible Lead(s): Governance and Regulations Manager.</i> <i>Relevant objectives: 4</i></p>	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	1	2	G

Appendix 1 – Cambridgeshire Pension Fund Risk Register

Criteria for assessing impact and likelihood

Impact

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

Likelihood

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

Appendix 1 – Cambridgeshire Pension Fund Risk Register

Pension Fund Objectives

- 1 To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- 2 To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- 3 To 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.
- 4 To continually monitor and measure clearly articulated objectives through business planning.
- 5 To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- 6 To ensure regular monitoring of employer covenants, putting in place mitigations of adequate strength to protect the Fund.
- 7 To ensure appropriate exit strategies are put in place both in the lead up to and termination of a scheme employer.
- 8 To put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary.
- 9 To ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer.
- 10 To administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.
- 11 To maintain accurate records and ensure data is protected and used for authorised purposes only.
- 12 To promote the scheme as a valuable benefit.
- 13 To deliver consistent plain English communications to stakeholders.
- 14 To provide scheme members with up to date information about the scheme in order that they can make informed decisions about their benefits.
- 15 To seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.
- 16 To ensure cash flows in to and out of the Fund are timely and of the correct amount.
- 17 To 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.

- 18 To put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy.
- 19 To maximise investment returns over the long term within agreed risk tolerances.
- 20 To ensure an appropriate cash management strategy is in place so that net cash outgoings can be met as and when required.

Cambridgeshire Pension Fund

Pension Fund Board

Date: 28 January 2022

Report by: Head of Pensions

Subject: Pension Fund Annual Business Plan Update report 2021/22

Purpose of the Report: To present the Business Plan Update up to 31 December 2021

Recommendation: The Pension Fund Committee is asked to:
Note the Business Plan Update to 31 December 2021

Enquiries to: Mark Whitby, Head of Pensions
mark.whitby@westnorthants.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 31 December 2021.
- 1.2 A full list of the key fund activities for the 2021/22 financial year can be found in appendix 1 of this report.

2. Variances against the forecast of investments and administration expenses

- 2.1 The tables in appendix 2 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 2021.

3. Key activities

3.1 Re-tender for strategic investment advisory services

- 3.1.1 Background: This continued the work undertaken in 2020/21 to re-tender the investment advisory services contract that was previously awarded to Mercer LLC that expired on 30 September 2021 by performing a mini competition on the National LGPS Framework. The November 2020 Investment Sub-Committee approved the timetable and the proposed contract term for the Consultancy re-tender and approved the launch of a re-tender for the Investment Management Performance Reporting contract currently provided by Mercer, should this be necessary. This was a joint procurement with the Northamptonshire Pension Fund for a single supplier to benefit from the efficiencies of a shared service. Each Fund will have separate contractual arrangements.

3.1.2 Key milestones:

Key Milestones	Dates	On target for completion?
Notify successful supplier	April 2021	Completed
Complete Consultancy procurement / complete National Frameworks Order	June 2021	Completed
Complete Management Performance Reporting procurement	June 2021	Not applicable
Transition/handover (including historical performance data)	July 2021 to September 2021	Not applicable
New contract begins	1 October 2021	Completed
Strategy health check	31 March 2022	On target

- 3.1.3 Update: The successful supplier was the Fund's incumbent strategic adviser, Mercer, therefore a health check on the current strategy by a new provider is not applicable. Following a delay due to the logistics of obtaining wet signatures, the contract has now been signed with a commencement date of 8 December 2021.

3.2 Retender for global custody services

- 3.2.1 Background: This continues the work undertaken in 2020/21 with Funds in the ACCESS pool to launch a revised framework for Global Custody Services under the National LGPS Frameworks. The Pension Fund Committee approved in principle the collaborative procurement of a global custodian, alongside ACCESS partners, in sufficient time to transition the Fund's custody arrangements to the chosen provider (if a change from the current provider) before the expiry on 30 September 2021 of the Fund's extended contract with Northern Trust. Delivery of this activity is dependent upon collaboration with ACCESS partners in calling off the new framework.

3.2.2 Key milestones:

Key Milestones	Dates	On target for completion?
Work with ACCESS partners to call off a common custodian.	December 2020 to 30 September 2021 (revised date, formerly June 2021)	Completed.
Complete transition to the new custodian (if required).	July 2021 to September 2021	Not applicable.

- 3.2.3 Update: Northern Trust was awarded the contract and formally signed by all parties in November 2021 with an effective contract start date of 1 October 2021. Completed.

3.3 Review contracts for actuarial, benefits and governance consultancy services

- 3.3.1 Background: The existing separate contracts for actuarial, benefits and governance consultancy services are due to expire on 31 March 2023 with the option to extend for a further 12 months. Consideration will need to be given as to whether the separate contracts should be extended together or if it is appropriate to conduct procurements earlier to tie in with future activity required from these contracts. The procurement will be on a joint basis with the Northamptonshire Pension Fund using the National LGPS Framework.

Key milestones:

Key Milestones	Dates	On target for completion?
Decision whether to procure or extend each contract	June 2021	Completed.

- 3.3.2 Update: A decision was made to extend the actuarial services contract by a further 12 months to and to re-tender for a provider of benefits and governance consultancy services in time for the current contract end date of 1 April 2023. Completed.

3.4 Re-tender for pensions administration and pensioner payroll platform

- 3.4.1 Background: The Fund currently uses Aquila Heywood Ltd's Altair product as its pensions administration and payroll platform. The contract with Aquila Heywood Ltd was extended in September 2021 by a further three years to enable minimum disruption with the commencement of the Future Northants programme, the pandemic and the forthcoming work required of the age discrimination remedy (McCloud).

A competitive procurement process will need to be undertaken using the National LGPS Framework at least 18 months in advance of the end of the existing contract (September 2024) to ensure that there is sufficient time to complete a successful migration of data if a new supplier is procured.

3.4.2 Key milestones:

Key Milestones	Dates	On target for completion?
Obtain and complete National LGPS Framework documents	September 2022	On target
Commence procurement process	1 April 2023	On target
Award contract to successful supplier	1 October 2023	On target
Start date of contract	1 October 2024	On target

- 3.4.3 Update: No planned activity scheduled for this reporting period.

3.6 Review Business Continuity Plan

- 3.6.1 Background: The Business Continuity Plan (BCP) covering the Fund's governance and administration will need to be reviewed following the creation of the new unitary authority (and administering authority), West Northamptonshire Council on 1 April 2021 to ensure the arrangements previously in place remain so to support the delivery of the Pensions Service. In addition, it is now business as usual to ensure that the Fund's external suppliers such as those that provide and host the pensions administration and payroll platform, regularly supply detailed confirmation that they have satisfactorily carried out disaster recovery and penetration testing.

3.6.2 Key milestones:

Key Milestones	Dates	On target for completion?
Draft revised BCP utilising new Lead Authority (West Northamptonshire Council) BCP template	By October 2021	Rescheduled - by November 2021
Scrutiny of business continuity arrangements by the Local Pension Board	November 2021	Rescheduled to January 2022
Update the Pension Committee on business continuity arrangements.	December 2021	Rescheduled to March 2022

3.6.3 Update: The revised business continuity plan is to be presented to the Pension Fund Board at this meeting.

3.7 Develop the Fund's cyber-resilience strategy

3.7.1 Background: The Pensions Regulator and other industry bodies have expressed the concern that pension funds are not taking sufficient positive action to prevent themselves (including scheme members) from being victims of cyber-crime. In particular, the Regulator is concerned that LGPS Funds are relying too much on their respective administering authorities to put appropriate measures in place to protect Fund assets and data.

Work was undertaken in 2020/21 to assess the Fund's level of Cyber-Resilience through a survey conducted by a specialist cyber resilience team at Aon, the Fund's governance advisers. The survey results highlighted a number of activities to be undertaken to demonstrate improved resilience which will be undertaken during the course of 2021/22.

3.7.2 Key milestones:

Key Milestones	Dates	On target for completion?
Develop a cyber-resilience strategy and action plan.	April to June 2021	Completed
Undertake mapping of data and asset flows.	April to June 2021	Completed
Submit survey to higher risk suppliers to ascertain their approach to cyber-resilience. Aon's specialist cyber-resilience team to analyse survey responses and provide feedback.	April to June 2021	Survey to be issued November 2021 and responses analysed by February 2022. Awaiting analysis from Aon's specialist cyber team.
Pension Fund Board to provide scrutiny of cyber-resilience strategy and action plan.	July 2021	Completed
Pension Fund Committee to approve cyber-resilience strategy, incident response plan and action plan.	October 2021	Completed

3.7.3 Update: A detailed update on the continuing actions being undertaken to ensure the Fund's resilience to cyber-crime following completion of the above activities is within a separate agenda item to be presented at this meeting.

3.8 Obtain the Pension Administration Standards Association (PASA) accreditation

3.8.1 Background: Obtaining the PASA accreditation will demonstrate to the stakeholders of the Fund that quality operations are in place where the performance and capabilities of the administration and governance functions are in line with those of higher quality organisations providing pensions administration services. Once achieved the accreditation is granted for a three-year period subject to an annual certification process.

3.8.2 Key milestones:

Key Milestones	Dates	On target for completion?
Commence preparation and collation of assessment material.	April 2022	On target
Provide information to PASA for assessment.	March 2023	On target
Hold site visit and receive assessment results	2023/24	On target

3.8.3 Update: No planned activity scheduled for this reporting period.

3.9 Complete the Guaranteed Minimum Pension Rectification

3.9.1 Background: Following the end of contracting-out on 6 April 2016 it has been necessary for all pension schemes to reconcile their scheme members' contracted out liability against that recorded by HMRC. The Fund outsourced the majority of the reconciliation and rectification exercise to ITM Limited. The reconciliation stage of this completed in 2019/20 however following the delay in HMRC issuing the final file of data, the rectification stage was not able to commence during 2020/21 but is now ready to commence in 2021/22 but with the same anticipated completion date as previously estimated.

3.9.2 Key milestones

Key Milestones	Dates	On target for completion?
Produce project plan to rectify the member records that require amendments.	April 2021	Completed
Implement project plan.	June to December 2021	On target
Process amendments highlighted from GMP rectification analysis	January 2022 to March 2023	On target

3.9.3 Update: ITM have reviewed the data held on Altair against GMP data held by HMRC and 3,232 variances were identified for further investigation. Of the 3,232 cases, GMP information was updated for 2,835 cases by of a bulk process using a software tool and the remainder by manual intervention.

Out of the 3,232 cases, 1,308 cases were not yet in payment, leaving 1,924 cases to be looked at to assess whether an under/overpayment of a pension has occurred. This work commenced in January 2022 with any underpayments being paid to members and any overpayments being written off in accordance with the Fund's Overpayment of Pension Policy and the previously agreed approach for the contracted-out exercise.

3.10 Prepare for the application of the McCloud age discrimination remedy

3.10.1 Background: As a result of the ruling in the McCloud case it will be necessary for LGPS Funds to look at every affected to see if the impact of the remedy requires an amendment to the member's accrued benefits. MHCLG released a consultation in 2020/21 detailing proposed amendments to the LGPS regulations as a result of the remedy and a response to the consultation is still pending. It is understood that LGPS Funds will need to begin work on rectifying records in 2022/23 and in the meantime an exercise is required to collect data relevant to the accurate calculation of the remedy, namely, hour changes and breaks in membership, where this has not previously been provided by scheme employers.

3.10.2 Key milestones:

Key Milestones	Dates	On target for completion?
Issue data collection template to identified employers.	June 2021	Completed.
Work with employers to collect the data required.	Rescheduled to October to December 2021 (previously June to October 2021)	Completed for most employers with extensions until the end of January for some employers.
Make necessary amendments to member records for previously missing data.	June 2021 to March 2022	On target
Send communications to members (upon release of amended LGPS Regulations).	Expected to be April 2022 (pending guidance from DLUHC).	On target
Application of the revised underpin (following release of amended LGPS Regulations).	Expected to commence in 2022/23 (DLUHC to provide guidance on this matter, including time period within which this work will be undertaken).	On target

3.10.3 Update: All scheme employers have been issued with data sheets to verify that the data held on their employee's pension records is correct. Any employers who did not meet the December deadline to return this information received a final notification on 7 January 2022 for completion by 22 January 2022. For any nil-returns the Pensions Service will assume that the data held is correct after this time.

Some exemptions have been applied to several large payroll providers to ensure the quality of data being received is acceptable.

The next step is to upload the received returns into the system by the end of January 2022. Subsequent uploads will be scheduled in accordance with the extended deadline for the large payroll providers.

3.11 Prepare for the 2022 Valuation of the Pension Fund

3.11.1 Background: Work with the Fund's actuarial advisors to develop requirements and plan for the triennial valuation of the Pension Fund. The valuation date is 31 March 2022 with results to be published by 31 March 2023 and new employer contribution rates effective from 1 April 2023.

3.11.2 Key milestones:

Key Milestones	Dates	On target for completion?
Develop valuation plan with Fund Actuary	April to June 2021	Completed
Undertake pre-valuation activities	July 2021 to March 2022	On target
Valuation of the Pension Fund	April 2022 to March 2023	On target
Triennial valuation results published	31 March 2023	On target
Implementation of revised employer contribution rates	April 2023 onwards	On target

3.11.3 Update: Over the reporting period, membership data for the large scheduled bodies, County, District and City Councils, Police and Fire Authorities plus the Combined authority has been provided to the Fund actuary and data cleansing activities have been carried out. The parameters for the modelling of contribution strategies for these employers has also been agreed and modelling is now underway with results expected at the end of January/beginning of February. The results of the separate covenant monitoring activities have also been reviewed and officers are preparing communications to these employers for further discussions ahead of the valuation. The nature of these conversations depends on the outcome of the covenant assessment and whether further information is needed to determine the approach to be taken at the valuation.

3.12 Processing of undecided leaver records

3.12.1 Background: The Fund has a number of unprocessed leaver records where a member has left a period of pensionable employment, is not entitled to immediate payment of pension benefits, but is entitled to either a refund of contributions, aggregation with another period of pensionable membership and/or a deferred pension award. The number of these cases has historically grown due to 1) scheme employers not notifying the Fund that members of the scheme have left their employment 2) scheme employers providing late monthly reporting and 3) the volume of employer data that has to be queried.

The Fund will treat a case as a backlog case if it is six months or more from the date of notification by the scheme employer. Cases within six months of notification will be identified as business as usual cases. Statutory disclosure requirements are completed immediately on notification of an exit by the scheme employer.

3.12.2 Key milestones:

Key Milestones	Date	On target for completion?
Baseline volumes and develop action plan	April to June 2021	Completed
Process cases in accordance with action plan	Throughout 2021/2022	On target
Process cases in accordance with action plan	2022/2023	On target

3.12.3 Update: The volume of incomplete cases has increased to 9,466 as at the end of December 2021 from the original baseline of 8,851. Additional resource is being recruited to the Projects Team to help meet the demands of this area as well as business as usual teams to prevent further build-up of cases. A revised plan incorporating this additional resource will be incorporated into the 2022-23 business plan.

3.13 Scope and conduct potential liability reduction exercise

3.13.1 Background: The Fund has an increasing number of records belonging to members that are due a refund of pension contributions (due to having insufficient membership within the LGPS to be awarded a pension entitlement and with the member not having claimed a refund) and also a large number of pensions in payment of a very low value that could be fully commuted into a one-off payment, extinguishing the Fund from any future liability.

It has become increasingly common for pension schemes to look at ways of reducing the number of such records, communicating with these members in order to assess their eligibility and desire to receive payment of the refund or fully commute their benefits.

3.13.2 Key milestones:

Key Milestones	Dates	On target for completion?
Conduct exercise (to review and offer refund options to members).	April 2021 to March 2022	Postponed with effect from October 2021 to focus resources on the processing of undecided leavers.
Scope exercise, formulate project plan and conduct exercise (small commutable pensions).	April 2022 to March 2023	Postponed with effect from October 2021 to focus resources on the processing of undecided leavers.

3.13.3 Update: No update due to reprioritisation of this activity.

3.14 Implement multiple investment strategies

3.14.1 Background: With an increasing number and variety of scheme employer participating in the Fund it is prudent to consider whether greater flexibility is required to meet the different funding requirements of these scheme employers, who may have different investment risk appetites and whose scheme membership may have vastly differing levels of maturity. This project will investigate the creation of a small number of "investment buckets" into which different categories of scheme employer could be allocated.

This activity builds on the investigatory and scoping work carried out in 2020/21.

3.14.2 Key milestones:

Key Milestones	Dates	On target for completion?
Consider impact modelling by Fund Actuary.	April 2021 to May 2021	Completed
Pension Fund Committee to decide whether to proceed.	July 2021	Completed
Devise and implement action plan.	August 2021 to September 2022	Not applicable

3.14.3 Update: Decision not to proceed made in October 2021. Completed.

3.15 Conduct specific employer covenant monitoring

3.15.1 Background: Officers are working with the Fund Actuary and Price Waterhouse Cooper (PwC) to carry out covenant assessments of those employers consider to present the greatest financial risk to the Fund. This activity will involve engaging with the relevant employers to explain the process and collect information to allow PwC to carry out a covenant assessment and for the Actuary and PwC to advise on the results and appropriate actions to be taken.

3.15.2 Key milestones:

Key Milestones	Dates	On target for completion?
Issue and collect covenant monitoring questionnaire to relevant employers	April 2021 to June 2021	Completed
Issue collated responses to PwC for analysis	July 2021 to August 2021	Completed
Discuss results and next steps with the Actuary and PwC	September 2021 to October 2021	On target
Incorporate results of covenant monitoring into 2022 valuation planning	November 2021 to March 2022	On target

3.15.3 Update: The results of the covenant monitoring exercise have been reviewed with PwC and the Fund Actuary to determine any particular concerns and the next steps. Employers have been categorised according to risk rating (High, Medium and Low) as well as employer type to determine the next steps required. Discussions on how to incorporate these results into the valuation have begun with the Actuary but some further dialogue is needed with employers to help inform the approach taken to each group.

3.16 Continue development of the asset pool

3.16.1 Background: The ACCESS asset pool development is a long-term project. 2021/22 will see the Fund's final liquid assets transfer into the pool as the remaining tranches of sub-funds are established in the asset pool. In parallel, ACCESS is developing a pool level solution for investing in illiquid assets. The Fund has additional sub-fund requirements not yet part of the ACCESS launch plan. Engagement with ACCESS partners is required to promote these requirements, including around Responsible Investment, in order to achieve timely inclusion.

Dates for completion are dependent upon the approval of the Joint Committee for creating the necessary sub-funds, FCA approval and resolution of other limiting factors. The dates reflect the targets for submission of business cases for the respective sub-funds to the asset pool.

3.16.2 Key milestones:

Key Milestones	Dates	On target for completion?
Liquid Assets – implement tranches as they arise.	2021/22 to 2022/23	On target
Illiquid Assets – Continue to support the illiquid assets pooling solution.	2021/22 to 2022/23	On target
Promote the Fund's requirements.	2021/22 to 2022/23	On target

3.16.3 Update: The Fund, along with 4 other authorities, transferred its existing investment in the M&G Alpha Opportunities Fund into a new ACCESS sub-fund on 1 December 2021.

Illiquid assets - The procurement for the implementation adviser is now complete with MJ Hudson chosen as the successful supplier. The contract has been finalised with MJ Hudson and was signed on 24 December 2021, effective from 31 December 2021. This will now enable MJ Hudson to review with each ACCESS authority their illiquid requirements.

Promoting the Fund's requirements- Following approval at the December Joint Committee of the guiding principles for requesting new sub-funds, officers have submitted a request, along with 2 other authorities, to create a new sub-fund for the Funds' Multi Asset Credit mandate with Bluebay. It is expected that the request will be ratified at the March 2022 meeting of the Joint Committee.

Emerging Markets- The Fund is deferring any commitment to invest in an EM sub-fund manager until the Investment Sub Committee have considered proposals to implement asset charges arising from the recently approved Responsible Investment Policy.

3.17 Review the Fund's Responsible Investment Policy

3.17.1 Background: This continues the work undertaken in 2020/21 to revise the Fund's Responsible Investment (RI) Policy for incorporation in the Investment Strategy Statement (ISS). The revised ISS was issued for consultation during Q1 2021/22 and survey feedback will be considered by the Pension Fund Committee along with any required changes to the ISS.

The Fund will also work with its advisers, partner ACCESS funds and Link to develop a governance and reporting framework to monitor compliance with the Fund's RI Policy.

3.17.2 Key milestones:

Key Milestones	Dates	On target for completion?
Commence 30 day consultation with Fund stakeholders on the revised Investment Strategy Statement	April to June 2021	Completed
Pension Fund Committee approval of revised ISS	December 2021 (formerly October 2021)	Completed

3.17.3 Update: The ISS was reviewed at the September ISC and minor textual changes requested. The final draft was approved at the December Pension Fund Committee and published on the Fund's web pages on 17 December 2021. The ISS will be discussed under a separate agenda item during this meeting.

3.18 Review the Property Strategy

3.18.1 Background: The Fund's Property investments comprise a multi manager mandate managed by CBRE and residential investments in the Private Rented Sector and Shared Ownership property funds managed by M&G, which mainly comprise UK based assets. A periodic review of these mandates will be undertaken, considering the underlying investment funds and their performance with a focus on the appropriateness of the allocations both geographically and by sector and the relevance of the performance benchmarks and targets. This review will include consideration of possible enhancements to the property strategy, especially considering the expected benefits falling out of the pooling agenda.

The output of the review will be used to inform the Fund's requirements from the ACCESS illiquid asset programme, the implementation of which will be dependent upon the path to migrate to the ACCESS solutions.

3.18.2 Key milestones:

Key Milestones	Dates	On target for completion?
Commence the review	October 2021	Completed
Complete the review and submit report to the Investment Sub Committee	September 2022 (formerly February 2022)	On target – revised date due to re-prioritisation of Responsible Investment commitments.
If a change to Strategic Allocation, approval by Pension Fund Committee	October 2022 (formerly March 2022)	On target– revised date due to re-prioritisation of Responsible Investment commitments.

Key Milestones	Dates	On target for completion?
Communicate the Fund's requirements to the ACCESS pool	November 2022 (formerly April 2022)	On target – revised date due to re-prioritisation of Responsible Investment commitments.

3.18.3 Update: Officers have reviewed the scope for the property investment review with the Independent Adviser and Mercer, however following discussion with the Chair of the Pension Fund Committee, this work has been re-prioritised due to the increasing commitment regarding the Responsible Investment workstream.

3.19 Review of Performance Reporting and Benchmarks

3.19.1 Background: This review will focus on the efficient measurement of the Fund's wide-ranging investment mandates in order to appropriately gauge that those mandates are delivering expected levels of return and, indeed, meeting the strategic investment needs of the Fund. The existing performance reports are comprehensive and complex, however, there is concern that they contain inappropriate benchmark comparisons and complicate effective decision-making. Wider considerations such as delivery of responsible investment requirements further impact this subject.

The sources of information for performance reporting reflect the wide-ranging number of mandates the Fund has and the quality and timeliness of information available from those sources.

This review will evaluate the strengths and weaknesses of the current report and explore options to improve the quality and clarity of reporting.

The key participants will be Officers, the Fund's consultant and Independent Adviser utilising other third parties as required, with a report on the outcome presented to Investment Sub Committee members.

3.19.2 Key milestones:

Key Milestones	Dates	On target for completion
Commence the review	April 2021	Completed
Report to the Investment Sub-Committee	November 2021	Completed
Implement revised reporting	March 2022	Completed

3.19.3 Update: A revised reporting template has been used for the September 2021 quarterly performance report and presented at the November ISC. Future publications will take into account feedback from ISC members. Completed.

4. Additional key activities for 2021/22

4.1 Review contract for specialist pensions legal services

4.1.1 Background: The existing contract for specialist pensions legal services is due to expire on 4 February 2023 with the option to extend for a further 12 months. Consideration will need to be given as to whether to extend this contract or extend for a further 12 months. The procurement will be on a joint basis with the Northamptonshire Pension Fund using the National LGPS Framework.

4.2.2 Key milestones:

Key Milestones	Dates	On target for completion?
Decision whether to procure or extend each contract	February 2022	Decision at March 2022 Committee

4.2.3 Update: Officers have reviewed the services provided by the current supplier of specialist legal services and will be making a recommendation to the Pension Fund Committee at the March meeting that the contract be extended for a further 12 months.

4.2 Review the Pension Regulator's revised Code of Practice

4.2.1 Background: In March 2021 the Pensions Regulator launched a consultation on its revised code of practice. The code of practice sets out how the Pensions Regulator expects LGPS Pension Committee Members, Board Members, Section 151 Officers and administrators to administer, govern and manage their pension schemes. The revised code consolidates (with updates and amendments) most of the existing 15 codes of practice providing a single up to date and consistent source of information. The revised code is expected to come into force in November 2021 from which point pension schemes have six months to demonstrate full compliance with the code.

4.2.2 Key milestones:

Key Milestones	Dates	On target for completion?
Identify revisions to the code of practice that require changes to processes, policies and strategies and produce an action plan to achieve compliance with the new requirements within six months	November/December 2021	Rescheduled to Spring 2022 due to the code of practice release date being delayed.
Present action plan to the Pension Fund Board	January 2022	2022/23
Present progress against the action plan to the Pension Fund Board and Pension Committee	June 2022/July 2022	2022/23

4.2.3 Update: No planned activity scheduled for this reporting period.

5. Relevant Fund objectives

- 5.1 To continually monitor and measure clearly-articulated objectives through business planning.

6. Risk Management

- 6.1 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.
- 6.2 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	Residual risk rating
Those charged with the governance are unable to fulfil their responsibilities effectively	Green
Failure to administer the scheme in line with regulations and guidance	Green
Pension Fund objectives not defined and agreed	Green

- 6.3 Please see full version of the [Cambridgeshire Risk Register](#)

7. Communication Implications

The Business Plan Update will be presented to the Pension Fund Committee and Pension Fund Board at each meeting.

8. Finance & Resources Implications

- 8.1 Any updated financial implications are set out in the relevant activities.

9. Legal Implications

- 9.1 Not applicable

10. Consultation with Key Advisers

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

11. Alternative Options Considered

- 11.1 Not applicable

12. Background Papers

- 12.1 [Annual Business Plan and Medium Term Strategy 2021/22](#)

13. Appendices

- 13.1 Appendix 1 – Full list of Key Fund Activities for the 2021/22 financial year.
- 13.2 Appendix 2 – Variances against the forecast of investments and administration expenses based on original setting of assumptions.

Checklist of Key Approvals

Has this report been cleared by Head of Pensions? Mark Whitby

Appendix 1 – Full list of Key Fund Activities for the 2021/22 financial year.

Activity	Area	Period	On target for this reporting period?
Retender for strategic investment advisory services	Procurement of services	April 2021 to 31 March 2022	Completed
Re-tender for global custody services	Procurement of services	December 2020 to September 2021	Completed
Review contracts for actuarial, benefits and governance consultancy services	Procurement of services	June 2021	Completed
Re-tender for pensions administration and pensioner payroll platform	Procurement of services	September 2022 to October 2024	Yes
Added July 2021 - Review contract for specialist pensions legal services	Procurement of services	February 2022	Yes
Review Business Continuity Plan	Core services and governance activities	October 2021 to December 2021	Yes
Develop the Fund's cyber-resilience strategy	Core services and governance activities	April 2021 to October 2021	Yes
Obtain the Pensions Administration Standards Association (PASA) accreditation	Core services and governance activities	April 2022 to 2023/24	Yes
Added July 2021 – Review the Pension Regulator's revised code of practice	Core services and governance activities	November 2021 – July 2022	Yes
Complete the Guaranteed Minimum Pension Rectification	Scheme member data projects	April 2021 to December 2021	Yes
Prepare for the application of the McCloud age discrimination remedy	Scheme member data projects	June 2021 to 2022/23	Yes
Prepare for the 2022 Valuation of the Pension Fund	Scheme member data projects	April 2021 to April 2023 onwards	Yes
Processing of undecided leaver records	Scheme member data projects	April 2021 to 2022/23	Yes
Scope and conduct potential liability reduction exercises	Scheme member data projects	April 2021 to March 2023	Postponed to 2022/23
Implement multiple investment strategies	Scheme employer projects	April 2021 to September 2022	Completed

Appendix 1 – Full list of Key Fund Activities for the 2021/22 financial year.

Conduct specific employer covenant monitoring	Scheme employer projects	April 2021 to March 2022	Yes
Continue development of the asset pool	Investment related activities	2021/2022 to 2022/23	Yes
Review the Fund's Responsible Investment Policy	Investment related activities	April 2021 to October 2021	Completed
Review the Property Strategy	Investment related activities	October 2021 to April 2022	Postponed to 2022/23
Review of Performance Reporting and Benchmarks	Investment related activities	April 2021 to March 2022	Completed

Appendix 2 – Variances against the forecast of investments and administration expenses based on original setting of assumptions (negative variances represent decreases on income and increases on expenditure - positive variances represent increases on income and decreases on expenditure)

Fund Account	2021/22 Estimate	2021/22 Forecast	Variance	Comments
	£000	£000	£000	
Contributions	119,000	125,000	6,000	Contributions in line with current membership numbers
Transfers in from other pension funds	23,000	11,000	(12,000)	Large transfer in from Lincolnshire (£15.5m) originally projected in 21/22 but paid in 20/21
Total income	142,000	136,000	(6,000)	
Benefits payable	(113,000)	(120,000)	(7,000)	Benefits inline with current membership numbers
Payments to and on account of leavers	(7,000)	(9,000)	(2,000)	Demand led
Total Payments	(120,000)	(129,000)	(9,000)	
Net additions/(withdrawals) from dealings with members	22,000	7,000	(15,000)	
Management Expenses	(4,173)	(4,186)	(13)	See below
Total income less expenditure	17,827	2,814	(15,013)	
Investment income	34,000	34,000	-	Actual Q2 return followed by actuarial long term growth assumption
Taxes on income	-	-	-	
(profit) and losses on disposal of investments and changes in the market value of investments	150,000	242,928	92,928	
Net return on investments	184,000	276,928	92,928	
Net (increase)/decrease in the net assets available for benefits during the year	201,827	279,742	77,915	

Appendix 2 – Variances against the forecast of investments and administration expenses based on original setting of assumptions (negative variances represent decreases on income and increases on expenditure - positive variances represent increases on income and decreases on expenditure)

Management Expenses	2021-22 Estimate	2021-22 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	(2,539)	(2,565)	(26)	See below
Total Governance Expenses	(720)	(711)	9	
Total Investment Invoiced Expenses	(914)	(910)	4	
Total Management Expenses	(4,173)	(4,186)	(13)	

Administration Expenses Analysis	2021-22 Estimate	2021-22 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	(1,597)	(1,567)	30	Vacancy factor higher than forecast
Altair administration and payroll system	(365)	(390)	(25)	Altair Insights addendum
Data projects	(49)	(84)	(35)	McCloud Change Request
Communications	(24)	(21)	3	
Other Non-Pay and Income	(15)	(14)	1	
County Council Overhead Recovery	(489)	(489)	-	
Total Administration Expenses	(2,539)	(2,565)	(26)	

Cambridgeshire Pension Fund

Pension Fund Board

Date: 28 January 2022

Report by: Head of Pensions

Subject: Governance and Compliance Report

Purpose of the Report: To present the Governance and Compliance Report

Recommendation: The Pension Fund Committee is asked to:
Note the Governance and Compliance Report

Enquiries to: Jo Kent, Governance and Regulations Manager
Joanne.Kent@westnorthants.gov.uk

1. Background

- 1.1 This report provides an update on developments and issues that impact the LGPS that members of the Local Pension Board need to be aware of in order to fulfil their responsibilities to the Fund's key stakeholders. The content of this report will also provide information that will support the scrutiny of decisions made by the Pension Fund Committee and assists members of the Pension Fund Board in the ongoing attainment of skills and knowledge as required by the Pensions Regulator and the Public Services Pensions Act 2013
- 1.2 This report provides the Local Pension Board with information on the following significant current issues which have an impact on the governance, management and administration.
- Department for Levelling Up, Housing and Communities – SF3 data 2020/21 and Section 13 Report
 - Scheme Advisory Board – UN Letter regarding investments in the Israeli settlement economy and Scheme Member representation on Asset Pools
 - New legislation – Pension Scams
 - Skills and knowledge opportunities

2. The Department for Levelling Up, Housing and Communities (DLUHC)

2.1 SF3 statistics 2020/21

- 2.1.1 On 21 December, DLUHC published the final SF3 statistics for 2020/21. This is a statistical release containing information on the LGPS' total expenditure, income and membership for 2020/21 in England and Wales. The statistics were based on data provided by all 85 administering authorities. The headline statistics are as follows:
- Total LGPS expenditure in 2020/21 was £13.6bn. This was an increase of £0.2bn (1.2%) on 2019/20.
 - Total LGPS income in 2020/21 was £17.3bn. This was an increase of £1.3bn (8.4%).

- Employers' contributions to the LGPS amounted to £10.3bn, up by 3.4%. This reflects the early deficit payments made by many employers following the triennial valuation.
- Employees' contributions to the LGPS were £2.4bn in 2020/21, up by 4.9%
- The market value of the 85 LGPS Funds at the end of March 2021 was £337.1bn, an increase of £64.7bn (23.8%).
- The LGPS encompassed 6.1 million people at the end of March 2021. Of this, 2 million are employees who still contribute to the scheme, 1.8 million are pensioners and 2.3 million are former employees who are entitled to a pension in the future.
- There were 82,936 retirements from the LGPS in 2020/21, a decrease of 6,070 (6.8%) compared with 2019/20.

2.1.2 The full SF3 report can be found [here](#).

2.2 Section 13 Report

2.2.1 On 16 December 2021, the DLUHC published the Government Actuary's Department (GAD) report on the 2019 LGPS Fund valuations as required by section 13 of the Public Service Pensions Act 2013.

2.2.2 GAD found the scheme's financial position had strengthened since its previous review in 2016 on the back of buoyant investment returns between 2016 and 2019. The main findings of the Section 13 report are as follows:

- Compliance – Fund valuations were compliant with relevant regulations.
- Consistency – Funds had implemented GAD's 2016 recommendation to provide a standard valuation dashboard to aid readers when comparing results for different Funds. However, differences in methodology and assumptions do mean that a like for like comparison is not straightforward.
- Solvency – the size of Funds has grown considerably more than local authority budgets since 2016, so there's an increased risk of strain on employers from any future funding changes.
- Long-term cost efficiency – where relevant Funds had generally acted on GAD's 2016 recommendations on operating plans to close any deficit funding gaps. GAD highlighted four Funds they are concerned about the level or trajectory of employer contributions and the implications for taxpayers. The Northamptonshire Fund is not one of those four Funds.

2.2.3 GAD's recommendations for Funds or the SAB to consider during the 2022 valuations include:

- Improve consistency in the approach to assessing emerging and existing key issues, such as recent legal judgements (McCloud) and setting employer contributions for new academies.
- Ensuring deficit recovery plans can be demonstrated to be a continuation of the previous plan.
- Continue with ongoing improvements on transparency through an expanded valuation dashboard.
- Review the governance around asset transfer arrangements from local authorities.

2.2.4 The full Section 13 report can be found [here](#).

2.3 Scheme Advisory Board

2.3.1 UN Letter about investments in the Israeli settlement economy

2.3.2 On 22 November 2021, Michael Lynk, United Nations Special Rapporteur on the Palestinian Territories sent a letter to all Pension Committee Chairmen/women. The letter asks a number of questions of LGPS administering authorities concerning investment in companies that may be involved in the Israeli settlement economy. The Scheme Advisory Board has agreed that they will engage with the Local Authority Pension Fund Forum to discuss a response and has agreed to meet with Mr Lynk in early 2022.

2.4 Scheme member representation in Asset Pools

2.4.1 On 17 December the Scheme Advisory Board expressed its disappointment that the ACCESS asset pool continues not to have adopted the SABs policy on including member representation in its governance arrangement. SAB urges representatives of the pool's Funds to reconsider the position to include scheme member representation, either as full members, with, or without voting rights or as observers.

2.4.2 The next Joint Committee meeting of the ACCESS asset pool is to be held on 7 March 2022 with this issue being an item of discussion on the agenda.

2.5 New legislation

2.5.1 On 8 November 2021:

- the Government published its response to the Pension Scams: empowering trustees and protecting members consultation;
- The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 were laid;
- The Pensions Regulator published its guidance on dealing with transfer requests.

2.5.2 The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 took effect from 30 November 2021 and introduce further legal restrictions on the member's right to transfer out of the scheme.

2.5.3 The regulations give administering authorities tools to act if they have suspicions about the circumstances that have led the member to request a transfer. The member will no longer be able to insist on a statutory transfer taking place in these circumstances.

2.5.4 These changes will affect the payment of cash equivalent transfers for:

- Deferred members who request a statement of entitlement on or after 30 November 2021
- AVC members who elect for payment of a transfer on or after 30 November 2021
- Pension credit members (divorce benefits) who elect for payment of a transfer on or after 30 November 2021.

2.5.5 Officers have updated processes and documents for members impacted by these new regulations to ensure compliance.

2.6 Skills and knowledge opportunities

- 2.6.1 The Public Services Pensions Act 2013 and the Pensions Regulator's Code of Practice (Governance and administration of public service pension schemes) require all members of the Local Pension Board to maintain the necessary skills and knowledge to undertake their role effectively.
- 2.6.2 In order to facilitate the acquisition of skills and knowledge for members of the Local Pension Board, appendix 1 lists the main events that are deemed useful and appropriate.
- 2.6.3 It was recognised that recent local elections have resulted in a significant change to the membership of the Pension Fund Committee and so an introductory training session was held on 21 June 2021 covering at a high level the knowledge requirements of being a Pension Fund Committee and Pension Fund Board member hosted by the advisers from the Fund's benefits and governance advisors, Aon and legal advisors, Squire Patton Boggs.
- 2.6.4 A series of more in-depth training sessions to cover the CIPFA Skills and Knowledge core modules (see appendix 1), again hosted by Aon, began on 1 July 2021 and concluded in September 2021.
- 2.6.5 Web links to all of the recordings of all these training sessions have been made available to all members of the Pension Fund Board and Committee so that any missed sessions can be watched at a later date. Whilst the web links will remain live until 31 March 2022, it was hoped that all Board and Committee members will view all training sessions by the 31 December 2021 to ensure there is sufficient individual knowledge to be able to scrutinise and challenge decisions made by the Pension Fund Committee at forthcoming meetings. The deadline has now been extended further to 31 January 2022 to ensure all Board and Committee members complete this training.
- 2.6.6 It was recognised that recent local elections have resulted in a significant change to the membership of the Pension Fund Committee and so an introductory training session was held on 21 June 2021 covering at a high level the knowledge requirements of being a Pension Fund Committee and Pension Fund Board member hosted by the advisers from the Fund's benefits and governance advisors, Aon and legal advisors, Squire Patton Boggs.
- 2.6.7 A series of more in-depth training sessions to cover the CIPFA Skills and Knowledge core modules (see appendix 1), again hosted by Aon, began on 1 July 2021 and concluded in September 2021.
- 2.6.8 Web links to all of the recordings of all these training sessions have been made available to all members of the Local Pension Board and Committee so that any missed sessions can be watched at a later date. Whilst the web links will remain live until 31 March 2022, it was hoped that all Board and Committee members will view all training sessions by the 31 December 2021 to ensure there is sufficient individual knowledge to be able to scrutinise and challenge decisions made by the Pension Fund Committee at forthcoming meetings. The deadline has now been extended further to 31 January 2022 to ensure all Board and Committee members complete this training.

5. Relevant Fund objectives

To 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.

To 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.

To ensure that 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.

To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

6. Risk Management

6.1 The Pension Fund Board are required to have the appropriate skills and knowledge to effectively carry out their duties. This report ensures that the Pension Fund Board is up to date with:

- New or amending legislation affecting the LGPS;
- Relevant activities of the LGPS Scheme Advisory Board and the Pensions Regulator that concern the governance of the (LGPS) on a national and local basis; and
- Skills and knowledge opportunities.

6.2 The risks associated with the Pension Fund Board not having the required level of knowledge and understanding have been captured in the Fund's risk register as detailed below.

Risk	Residual risk rating
Those charged with the governance are unable to fulfil their responsibilities effectively	Green
Failure to administer the scheme in line with regulations and guidance	Green
Failure to provide relevant information to the Pension Fund Board to enable informed decision making.	Green

6.3 Please see full version of the [Cambridgeshire Risk Register](#)

7. 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.

Employers - All relevant items are communicated to scheme employers via website updates.

8. Finance & Resources Implications

8.1 Any updated financial implications are set out in the relevant activities.

9. Legal Implications

9.1 Not applicable

10. Consultation with Key Advisers

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

11. Alternative Options Considered

11.1 Not applicable

12. Background Papers

12.1 None

13. Appendices

13.1 Appendix 1 – Schedule of virtual training events.

Checklist of Key Approvals

Has this report been cleared by Head of Pensions? Mark Whitby 17/1/2022

Appendix 1

The below training modules have been delivered as part of the CIPFA Core Competency Framework and members are encouraged to watch the recorded sessions if any of the live sessions have been missed by **31 January 2022**.

Date	Event Description	Audience
21 June 2021 10:00 – 12:00	Governance and Fiduciary Duty Hosted by Aon and Squire Patton Boggs on behalf of Cambridgeshire and Northamptonshire Pension Funds Virtual Training Session (recording and slides from this session have been shared)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
1 July 2021 10:00 – 12:00	Introduction to the LGPS Hosted by Aon Virtual Training Session (recording of this session is available – please see email from Laura Caudwell from Aon)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
14 July 2021 10:00 – 12:00	Pensions legislation and guidance and national guidance Hosted by Aon Virtual Training Session (recording of this session is available - please see email from Laura Caudwell from Aon)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
28 July 2021 10:00 – 12:00	Local governance and pensions procurement, contract management and relationship matters Hosted by Aon Virtual Training Session (recording of this session is available - please see email from Laura Caudwell from Aon)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
11 August 2021 10:00 – 12:00	Funding strategy and actuarial methods, and financial, accounting and audit matters Hosted by Aon Virtual Training Session (recording of this session is available - please see email from Laura Caudwell from Aon)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
25 August 2021 10:00 – 12:00	Investments – Strategy, asset allocation, pooling performance and risk management Hosted by Aon Virtual Training Session (recording of this session is available - please see email from Laura Caudwell from Aon)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers

Date	Event Description	Audience
8 September 2021 10:00 – 12:00	Investments – Financial markets and products Hosted by Aon Virtual Training Session (recording of this session is available - please see email from Laura Caudwell from Aon)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
22 September 2021 10:00 – 12:00	Pensions Administration and Communications Hosted by Aon Virtual Training Session (recording of this session is available - please see email from Laura Caudwell from Aon)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers

Past training events

Date	Event Description	Audience
8-10 December 2021	LAPFF Annual Conference Bournemouth LAPFF Annual Conference LAPFF (lapffforum.org)	Pension Committee, Pension Board, Officers, Section 151 Officers
20-21 January 2022	LGPS Governance Conference Face to Face in Bournemouth or online flyer_final.pdf (eventsforce.net)	Pension Committee, Pension Board, Officers, Section 151 Officers

Upcoming training events

Date	Event Description	Audience
1 February 2022 2.30pm Virtual	In-house/Hymans Robertson Triennial Valuation Training (the session will be recorded for those who are unable to attend)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
Late February/Early March 2022 TBC Virtual	In-house/Aon Cyber Security Awareness Training (the session will be recorded for those who are unable to attend)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
9-10 March 2022	PLSA ESG Conference 2022 Online ESG Conference (plsa.co.uk)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers

Date	Event Description	Audience
13-15 June 2022	PLSA Local Authority Conference 2022 Gloucestershire Local Authority Conference (plsa.co.uk)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers

CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

28 January 2022

Report by: Head of Pensions

Subject	Improving engagement in the Cambridgeshire Pension Fund
Purpose of the Report	To update the Board on engagement levels within the Pension Fund
Recommendations	The Board are asked to note the report
Enquiries to:	Cory Blose, Employer Services Manager cory.blose@westnorthants.gov.uk

1. Background

- 1.1 One of the functions of the Local Pension Board is to understand the required and adopted scheme policies and procedures relating to scheme communications and materials. Regulation 61 of the Local Government Pension Scheme Regulations 2013 state that an administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with members and scheme employers. Our communications strategy and communications plan are published on the [key documents page of our website](#).
- 1.2 This paper has been prepared at the request of the Chair of the Board to report on the level of engagement achieved by the Funds communication activities, provide members with an update on activities already undertaken to improve engagement with stakeholders and set out planned future activities to further improve engagement levels.

2. Engagement Paper

- 2.1 The engagement paper provides some detail on the different ways the Fund engages with members and employers, typical engagement rates and how these compare to industry benchmarks.
- 2.2 It shows that the level of engagement with communications from the Fund compares favourably to industry benchmarks.
- 2.3 The paper also details some of the initiatives that have already been implemented to help engage with the Funds stakeholders better; such as:
 - a bulk email system
 - text messaging service
 - accessibility improvements
 - partnership working
 - promoting take up and use of members' online pension accounts.

- 2.4 It also acknowledges some of the barriers we face to engaging with our stakeholders, including:
- general apathy towards pensions
 - lack of interaction with a pension account
 - a lack of email addresses for a large group of members
 - anxiety over digital fraud
 - employers not having enough time to read communications
 - a perceived lack of relevance for employers that have outsourced their payroll and/or HR function.
- 2.5 The paper also sets out planned improvement activities, including:
- following best practice guidance when conducting consultations
 - working with other Funds to share best practice for developing and delivering communications
 - working on joint communications with other Funds
 - using video more
 - reviewing our website offering
 - consideration of general member communications based on life stages
- 2.6 We'll review our progress on an annual basis when developing our communications plan and/or updating our communications strategy.

3. Relevant Pension Fund Objectives

To have robust governance in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
To promote the scheme as a valuable benefit.
To deliver consistent plain English communications to stakeholders.
To provide scheme members with up to date information about the scheme in order that they can make informed decisions about their benefits.
To seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.

4. Risk Management

- 4.1 The administering authority is required by legislation to prepare, maintain and publish a written statement setting out its policy concerning communications with members and scheme employers.
- 4.2 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below:

Risk	Residual risk rating
Information may not be provided to stakeholders as required.	Green
Those charged with governance are unable to fulfil their responsibilities effectively	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

4.3 The Fund's risk register can be found on the [key documents page of our website](#).

5. Communication Implications

The engagement paper will be reviewed on an annual basis to help us to update our communications plan and communications strategy.

6. Finance & Resources Implications

6.1 There are no direct finance and resourcing implications of this plan. Ongoing communication costs are picked up in the administration budget.

6.2 The Fund's drive to increase electronic communications should save costs in the long term.

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 Communications strategy and communications plan on the [key documents page of our website](#).

11. Appendices

11.1 Appendix 1 Improving engagement in the Cambridgeshire Pension Fund

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 17/1/2022

Improving engagement in the Cambridgeshire Pension Fund



West
Northamptonshire
Council



Cambridgeshire
County Council

Administered in partnership

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1. Background

1.1 Legal framework

We have a legal requirement to:

- Prepare, maintain, and publish a written statement setting out our policy concerning communications with:
 - scheme members (active, deferred, retired and dependant)
 - representatives of scheme members
 - prospective scheme members
 - scheme employers

1.2 Communications strategy

Our communications strategy is published on the [key documents page of our website](#) and aims to deliver the following objectives:

- Promote the scheme as a valuable benefit
- Deliver consistent plain English communications to stakeholders
- Provide scheme members with up to date information about the scheme so they can make informed decisions about their benefits.

It details how we propose to implement each of these objectives and our key measures for success.

2. Engagement

Our communications strategy and communications plan set out the different ways we engage with our stakeholders and outlines our planned engagement activities for each scheme year. Most of the engagement is with scheme members and their employers. The following provides some detail on the different ways we engage with members and employers, our typical engagement rates and how these compare to industry benchmarks.

2.1 Consultations

We consult our stakeholders when developing certain policies and strategies. During the 2021/22 scheme year we have carried out consultations around changes to our funding strategy statement (FSS) and investment strategy statement (ISS) both of which are statutory documents.

The Consultation Institute notes that the *average response rate* for UK public consultations stands at 0.7% and consultations that achieve *higher than a 1% response rate* are considered 'good'. From the table over the page you can see that with members and employers combined we had an 'average' response rate for the ISS consultation.

ISS response rates

	Number emailed	Number replied	Response rate
Members	27,120	191	0.70%
Employers	238	4	1.68%
Total	27,358	195	0.71%

Funding strategy statement response rates

We also consulted with employers on our fund strategy statement (FSS) in August 2021 and out of the 469 contacts that we emailed; 23 completed full responses giving a 4.9% response rate, classed as 'good' by the Consultation Institute.

Different approaches

There were some differences in the way in which we asked for feedback between the two consultations.

With the ISS consultation we sent a bulk email just to the senior finance contact for each employer, and members which directed them to a web page to explain the changes we'd made to the strategy and then at the end of the page we had a link to the survey.

With the FSS consultation, we sent emails directly from SurveyMonkey to both the senior finance and the person with overall responsibility for pensions for each employer. We also acknowledge that if you have a smaller sample of people to consult with then typically you need a higher response rate to achieve a statistically significant result.

2.2 Surveys

Periodically throughout the scheme year, we issue satisfaction surveys to both scheme members and their employers. This is done monthly for members, targeting those who've recently interacted with us to collect feedback on their experience.

SmartSurvey state that the average response rate for external (non-staff) surveys is 10-15% with anything above that to 49% as 'good' and anything of 50% and above as 'excellent'. Based on this scale our employer response rate was average and members survey good. Many factors can affect response rates including the length of the survey. Our employer survey is issued less frequently than our members survey and is more in depth, taking on average 13 minutes to complete. Our members survey only had two questions:

- Rate the quality of our service from 1-5
- If you weren't completely satisfied with our service, how can we improve?

taking an average of one minute to complete.

Employer survey

Our employers survey is sent out annually seeking feedback from employers on their satisfaction when they communicate with us and when we communicate with them, including feedback on how engaging and useful our communications are.

Our last survey was sent to 1,389 employer contacts and we received a total of 166 responses giving a 12% response rate.

Members survey

Our members survey is sent out monthly to those that have either:

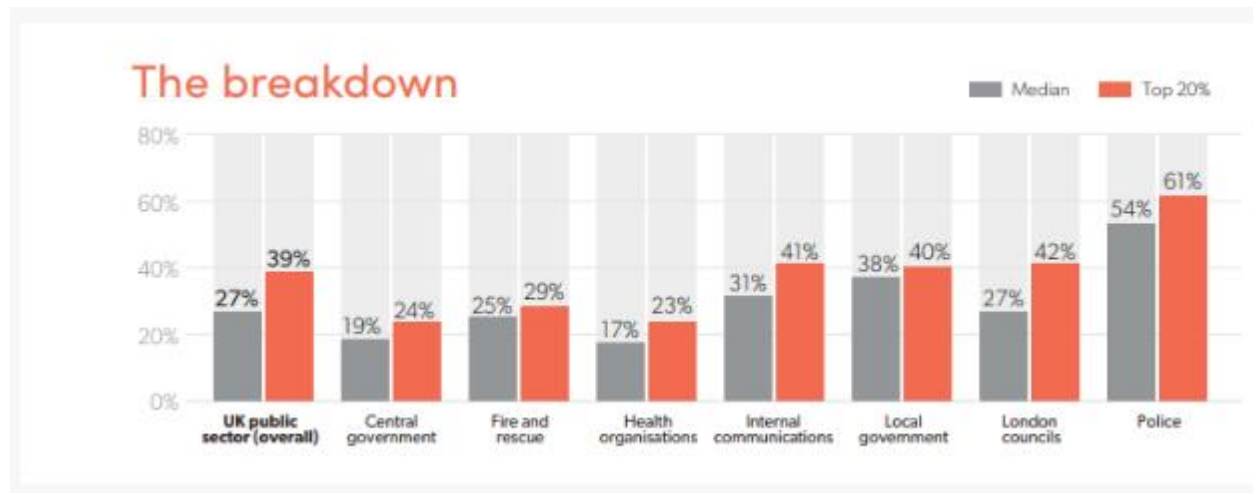
- contacted us recently, or
- we've recently completed some work on their pension records.

In November 2021 we emailed 273 members and we received 69 responses, giving a 25% response rate.

2.3 Emails

We use a bulk email system called GovDelivery to send our emails and this gives us data on open and click through rates. We typically email active and deferred scheme members to let them know their annual benefit statements are ready and new joiners to the scheme to get them to sign up to their online pension account and let them know about some immediate actions they need to take. We email employers to let them know about key changes to LGPS legislation, updates on our policies and strategies, training webinars, and employer forums.

The government and public sector consistently exceed the private and non-profit sectors email performance. Granicus, the company that own the GovDelivery bulk email system, compared email open rates from 200 public services and you can see the average and top 20% overall and by public sector type over the page.



Our open rates range from 70%+ for our member communications like:

- new pension administration / branding
- welcome information for new joiners of the scheme
- annual benefit statements

to 20% and below for employer communications like:

- updates to the website of policy/strategy documents
- LGPS webinars
- requests to pass information on to their employees

One of the reasons that employer open rates are significantly lower than member open rates could be the way that an [‘open’ is recorded](#). Not only does someone have to have physically clicked on the email to open it rather than read it as some people do in the preview pane, but also have clicked on the download images link. Most people will access their personal emails through sites like Gmail or through their phone on Apple mail and these applications automatically download the picture content of an email. However, most offices use MS Outlook which prevents the automatic download of pictures.

Our average email open rate for members is 60% which is significantly higher than the top 20% for the UK public sector. Our average open rate for employers is 29%, which is more aligned to the average of the UK public sector and the average for both employers and members combined is 44%. This tells us that our focus for improvement should primarily be with increasing employer engagement.

2.4 Newsletters

We publish an annual newsletter in June/July for deferred members and in August for active members which aligns to when their annual benefit statements are ready. We work on this jointly with other Funds and use them as an opportunity to explain how their pension works, update them on any upcoming changes that might affect their pension like McCloud, warn them about scams, and let them know how they can interact with their pension more by using their online pension account. For pensioners we publish a newsletter in March and as well as the topics above, we use it to tell them how much their pension will increase by in April and what dates they will get paid each month.

For employers we publish newsletters and bulletins more frequently and typically publish 'news in brief' shorter articles like letting them know about consultations, employer forums, annual benefit statements etc, longer articles that are more to educate on topics like McCloud or staff transfers and a 'dates for your diary' section to let them know about upcoming webinars and forums.

Our average open rate for emails that have our employer newsletter is 21%, and our average open rate for emails containing our member newsletters is 66% (also typically tells them their annual benefit statement is ready) giving an average open rate of 44%.

3. What we've done so far to improve engagement

3.1 Communications officer

Previously, communications were part of the employer liaison role. However, due to the growing number of employers, complexity of the work in non-communications activities, and the increasing pace of change in the LGPS leading to more frequent communications, we needed to recruit a dedicated resource that could focus time and appropriate skills on planning and delivering effective communications campaigns. Having a dedicated resource focused purely on communications has helped us to deliver some of the initiatives below.

3.2 Bulk email system – GovDelivery

MS Outlook isn't designed for bulk email campaigns and is very labour intensive if you try to use it in this way. It also doesn't have the functionality to create engaging templates. Through meeting with other Funds as part of the communication working groups GovDelivery seemed to be the most versatile tool. The results recorded in section 3.3 show that this initiative has been beneficial in giving us open rates much higher than the industry average.

3.3 Text messaging service – GOV.UK Notify

For many of our members we don't have an email address registered for them and we also recognise that some segments are more likely to respond to texts than emails. We use texts to let our members know that their annual benefit statement is ready, to get new joiners to the scheme to sign up to their online pension account to see their welcome letter and immediate actions they need to take, and in our business continuity planning.

3.4 Accessibility improvements

We engaged an accessibility specialist called ShawTrust to audit our website using a team of pan-disabled testers with assistive technologies. Their audit found that we met 44% of the applicable success criteria required for level A conformance and 75% of the applicable success criteria required for level AA. Some of the areas that we passed included having a meaningful sequence with consistent navigation and identification, not purely relying on colour to convey a meaning, being able to resize text and being able to hover over links to see where they go. Some of the areas where we failed include strength of contrast between background and foreground colours, missing skip navigation, missing alt text and potential seizure trigger.

As a result of their findings we made the following changes:

- Amended our branding so that there was sufficient colour contrast to help people with low vision or who are colour blind read the content.
- Implemented skip navigation to our website so that screen readers can get to the main content of the page.
- Adjusted the enter button on our home page so that it no longer flickers and flashes at a rate that could cause a seizure.
- Updated any missing alt text on our images.

We've also provided communications in CD, Braille and foreign languages on request. We work with other Funds to share best practice in writing communications and use the Plain English company to check them.

3.5 Partnership working

We work with several Funds to produce joint communications, where appropriate, and share best practice through our membership and active collaboration with the following groups:

- [Communications working group \(CWG\)](#) run by the Local Government Pensions Committee Secretariat (LGPC)
- Joint communications working group (JCWG) chaired by Shropshire Pension Fund

This ensures that our communications and engagement practices are in line with standards across the LGPS.

3.6 Increasing the number of members registering for their online pension account

One of our priorities has been to increase member engagement through their online pension account and we had a campaign for all member types to increase the number of people signing up to their online pension account. Through GovDelivery we could see how many people had clicked through to register and we could also measure how many members signed up. The table over the page shows that we've increased registrations by 26% in the first 9 months of the year compared to a 15% increase across 12 months the year before.

MSS registrations	2019	2020	Increase	Jan-Sep 2021	Increase
Active members	7,424	7,835	6%	8,955	14%
Deferred members	6,409	7,486	17%	9,718	30%
Pensioner members	3,290	4,420	34%	6,271	42%
Total	17,123	19,741	15%	24,944	26%

4. Barriers to engagement

4.1 Members

4.1.1 General apathy

The Reward and Employee Benefits Association (REBA) state that there are many behavioural barriers to overcome when trying to engage more effectively with members about their pensions, as people naturally shy away from things that might be perceived as complex, scary and costly. This is especially true with young and mid-career workers who are likely to 'live for today' and think they're unable to afford to save for the distant future. People sense they may not be doing enough to save for their retirement but don't want that to be confirmed so it's easier to ignore it. They also place a disproportionate bias on the benefits felt today versus the benefits felt for saving for retirement as they

can't picture themselves as that older person. These behavioural barriers contribute to a sense of inertia that can make it difficult to increase people's engagement with their pension.

NMG Consulting found in their pension research that around two thirds of their respondents fell into the 'less engaged' category as opposed to the 'moderately engaged' or 'more engaged' categories. The demographics of the 'less engaged' group were typically:

- under the age of 35 when joining the pension and saw it as a 'tick box exercise'
- 'millennials' (<35) who were time poor and whom retirement provision lacks immediacy
- 'generation X' (35-53) who took out the pension more than 15 years ago and may have stopped contributing (deferreds)
- more likely to fall into lower wealth bands

4.1.2 Lack of interaction

Unlike a bank account where there's regular activity of money coming in and out - a pension is a long term investment scheme where very little changes on a day-to-day basis. You could also say that auto-enrolment has made people's active involvement with pensions less, as they've gone with the path of least resistance of being auto-enrolled.

4.1.3 Deferred members

Nearly 40% of our members are classed as 'deferred' those members who are no longer contributing to the scheme but we're looking after their pension for them until they retire. They may have left their job with local government and may have started a different pension scheme with their new employer. Their deferred pension with us, therefore, won't be top of mind and they may forget to update their personal details if they change, which makes it more difficult for us to keep in touch and increase engagement with this segment.

4.1.4 Lack of email addresses

As mentioned in section 4, we've managed to increase engagement by implementing a bulk email system. However, the table over the page highlights that we don't have email addresses for just over half of our members.

Email address held	Yes	%	No	%	Total
Active members	15,422	56%	12,274	44%	27,696
Deferred members	13,740	44%	17,166	56%	30,906
Pensioner members	8,310	44%	10,658	56%	18,968
Total	37,472	48%	40,098	52%	77,570

We're trying to address this with asking new members to sign up to their online pension account when they join but we still have an issue with losing touch with the current member base, sometimes referred to as the 'black hole' members as they have not opted out of electronic communications, but we do not have an email address.

4.1.5 Anxiety over digital fraud

Whilst the coronavirus pandemic has accelerated the number of people turning towards digital communications, it has also heightened awareness of how easy it is to become a victim of digital fraud. This can make some people wary of clicking on links and of receiving emails that have been sent in bulk.

4.2 Employers

4% of employers in our survey said they didn't find our communications useful and 8% said they didn't find them engaging. The most common reasons given were that:

- they didn't have time to read them
- the majority of pension liaison was done on their behalf by an outsourced payroll provider, so they saw it as less relevant
- they perceived pensions as a boring subject.

We asked them 'What priority does Pensions have in relation to your day to day workload?' and 66% said they classed it as a lower priority or not a priority as part of their everyday job, which makes engagement challenging.

5. How we plan to improve engagement

This report shows that we're already in a pretty good place when it comes to engaging with our key stakeholders versus industry benchmarks and that we've implemented some useful tools to help us to engage better. However, we appreciate that there's always room for improvement and have identified some areas below that we'd like to investigate further.

5.1 Use best practice when conducting consultations

Snap Surveys suggest that potential respondents should be made aware of the purpose and potential benefits of the forthcoming consultation, so that it receives a better reception when it arrives. The Consultation and Engagement team also offer the following advice which we plan to consider for future consultations:

- Ensure you are appropriately communicating with all the stakeholders, and factor in reminders
- Make the communications engaging to the respondents
- Ensure the consultation is easily accessible (and to offer alternative formats should they be required) and easy to locate online etc
- Make it clear at the outset what is open for influence (respondents are giving up their time to feedback so it needs to be clear what they can and can't influence)
- Ensure it is easy for respondents to understand the detail of what is being consulted and can easily engage with the consultation – i.e. a large document being consulted on could be broken down into easy to access/view key sections within the consultation questions – with the full document being published for those respondents that want to see the detail
- Ensure there is sufficient supporting information, including FAQs and/or plain English explanations to support the consultation, especially if the contents are technical or complex
- Allowing adequate time for respondents to consider the proposals and have their say
- Ensure feedback is shared with respondents/stakeholders including how their feedback has been incorporated, as this closes the feedback loop and encourages future participation
- Consider if alternative techniques would be beneficial i.e. focus groups etc

5.2 Work with other Funds to share best practice

We recognise that member and employer engagement is a challenge that is faced not just within the Cambridgeshire Pension Fund, but also with other Funds administering the Local Government Pension Scheme (LGPS). We're already part of the national and regional communication working groups and plan to join the subgroup that is focussed on digital engagement. As part of this group we'll propose that we start to share key metrics like the percentage of members signing up for their online pension account so that we have benchmarks to measure ourselves against and are therefore able to identify where best practice can be shared.

5.3 Work more closely on joint communications with larger organisations

Pensions is relevant for all the working population and some of the challenges we face affect other organisations too. Anxiety over digital fraud is a good example of this and is an area where we plan to work more closely with organisations like Unison and some of our larger employers.

5.4 Use videos to help members and employers

People are becoming used to seeing videos more through social media and streaming sites like YouTube. We've created some pensions made simple videos on our website and we intend to work with employers and Unison to create engaging content to direct members to these videos. We also plan to trial using video to promote the use of our online pension service, to help members register and show them how best to use it. If members can access all their pension details in one place and use the calculators to try out different scenarios, like what impact it would have on their pension if they were to retire at the age of 55, then they're more likely to be engaged. If successful, we could use video more with employers to help them with their monthly returns on i-Connect.

5.5 Conduct a website review

We're planning to engage the WNC Digital team to help us to carry out a review of our website including stakeholder feedback so we can make sure that the website meets user needs. One of the sub communication groups we've been involved with has been creating a new national LGPS member website. Some of their learnings were that people primarily go to the site due to a specific need, for example they want to retire, they'd like to pay more and by structuring their website accordingly it has helped to reduce repeated content and the number of pages that need to be kept up to date.

We appreciate that keeping up with the latest accessibility standards is an ongoing process and are keen that as many people as possible can access the information they need. We plan to run frequent checks with accessibility software like SiteMorse to make sure we continue to check the current site and any future enhancements against the accessibility standards.

5.6 Plan life stage communications

The Association of British Insurers (ABI) recommend tailoring messages to the following different age groups in their publication 'Communications through the life course':

- Getting started (18-25) – reassuring them that it's the right decision to stay enrolled in the LGPS
- Building your savings (25-40) – saving for a pension is value for money
- Taking ownership (40-50) – take stock of where you want to be and what you need to do to get there
- Making a plan (50-State Pension age) – make a plan for retirement and address any shortfalls

We aim to test communicating with some of these segments and review engagements rates.

5.7 Test different approaches

When sending out key member or employer communications, we plan to test different approaches from different subject titles within emails to newsletters in pdf formats versus email template format. We hope this will give us some insight in which approaches are more successful to help us to improve engagement.

6. Reviewing progress

We'll review the progress we've made on an annual basis in Q4 as this will help us to update our communications plan and strategy.

CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

28 January 2022

Report by: Head of Pensions

Subject	Cambridgeshire Pension Fund Business Continuity Plan
Purpose of the Report	To present the Cambridgeshire Pension Fund Business Continuity Plan
Recommendations	The Pension Fund Board are asked to review the plan
Enquiries to:	Joanne Kent, Governance and Regulations Manager, joanne.kent@westnorthants.gov.uk

1. Background

- 1.1 An updated Business Continuity Plan (BCP) covering the Fund's governance and administration was required following the creation of the new unitary authority (and administering authority), West Northamptonshire Council on 1 April 2021 to ensure the arrangements previously in place remain so to support the delivery of the Pensions Service.
- 1.2 In addition, it is now business as usual to ensure that the Fund's external suppliers such as those that provide and host the pensions administration and payroll platform, regularly supply detailed confirmation that they have satisfactorily carried out disaster recovery and penetration testing.

2. Review of the Cambridgeshire Pension Fund Business Continuity Plan

- 2.1 A corporate BCP template was acquired from West Northamptonshire Council (WNC) and has been completed to reflect the new arrangements within WNC and to look at wide range of scenarios such as loss of premises and loss of IT.
- 2.2 Board members are asked to review the BCP located in appendix 1 of this report and provide comments for consideration by Officers.
- 2.3 Once finalised the BCP will formally be adopted by the Pensions Service and submitted to West Northamptonshire Council to form part of the corporate plan.
- 2.4 The Board are asked to note that personal information such as staff contact details have been redacted from the BCP to ensure that this information remains available only to individuals that will be required to use it for the purposes of a BCP event.

3. Relevant Pension Fund Objectives

To 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.
To 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.
To 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.
To continually monitor and measure clearly articulated objectives through business planning.
To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

4. Risk Management

4.1 The Pension Fund Committee and Pension Fund Board are expected to monitor Pension Service performance and act accordingly if service standards are not being met.

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

Risk	Residual risk rating
Unable to deliver pension services due to an inadequate business continuity plan.	Green

4.3 The full risk register can be found - [Key documents \(CCC\) - Cambridgeshire and Northamptonshire LGPS](#)

5. Communication Implications

Direct communications	The BCP will be shared with West Northamptonshire Council to ensure it operates as a corporate document effectively.
---------------------------------------	--

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 None

11. Appendices

11.1 Appendix 1 The Cambridgeshire Pension Fund Business Continuity Plan

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 17/01/2022

PENSIONS SERVICE

BUSINESS CONTINUITY PLAN



**West
Northamptonshire
Council**

IMPORTANT

**IF YOU NEED TO ACTIVATE THIS PLAN
IMMEDIATELY, GO TO PAGE 10**

Plan Owner	Mark Whitby, Head of Pensions
Service Area BC Lead	Mark Whitby, Head of Pensions
Plan Approved By	
Date Approved	
Report date	

Plan Invocation

A list of service leads with the authority to invoke the plan

Name	Title	Contact
Mark Whitby	Head of Pensions	07990 556197

Version Control

Version	Date	Details of Changes	Action Owner
0.1	01/10/2021	Initial population of information	Mark Whitby
0.2	04/10/2021	Check of information and staff details	Jo Walton
0.3	2/12/2021	Population of remaining sections following Senior Manager review	Mark Whitby

Review

Version	Date of Next Review	To be reviewed by

Distribution List

Version	Name	Position	Date

Document Location

Electronic Storage Location	
Other Storage Location	

Related Documents

Document Title
Corporate BCP

Exercise of Plan

Exercise Details	Date

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1.0 AIMS AND OBJECTIVES OF THE PLAN

1.1 Purpose

The purpose of this Business Continuity Plan is to provide a flexible response so that this service can:

- Respond to a disruptive incident (incident management)
- Maintain delivery of prioritised activities during an incident (business continuity)

1.2 Objectives

The objectives of this Business Continuity Plan are to:

- Detail the immediate response to a disruptive incident.
- Identify the prioritised services and activities in the service area.
- Set out actions of how the prioritised services and activities can be maintained at a pre-determined level following a disruptive event.
- Define the recovery actions required.

1.3 Corporate Statement of Intent

The following is a corporate statement of intent endorsed by the Chief Executive and Leader of West Northamptonshire Council which is detailed in the Business Continuity Management Policy and Strategy document:

"At West Northamptonshire Council, we are firmly committed to providing public services that are essential to those who live in, work at and visit West Northamptonshire.

Our vision sets out our long-term aspiration which is that we will:

"Work with the local community to make West Northants a great place to live, work, visit and thrive"

Our commitment to our local community goes beyond the provision of public services. Our commitment is to maintain vital services when things do not go to plan, putting the safety and lives of our local residents and staff at the very forefront of everything we do.

We will work tirelessly to keep services running in the event of unforeseen circumstances and that we will make the necessary plans to do so to the very best of our endeavours."

1.4 Activation Triggers

Conditions or circumstances under which the plan could be activated include the following which could have major disruption to council services:

- Serious loss or damage to key assets
- Emergency situations in Northamptonshire
- Serious danger to the welfare of council staff, members or visitors
- Loss of key staff or skills
- Denial of access to premises
- ICT failure
- Activation of the Corporate Business Continuity Plan, which automatically activates all service business continuity plans until each team has assessed the impact to the delivery of the service. This might result in no action being taken by the service.

1.5 Corporate Business Continuity Plan

If the Corporate Business Continuity Plan has been activated by one of the triggers in section 4.0 then the Incident Response Team should meet and discuss any impacts on services. It should be noted that members of the Executive Leadership Network may also be discussing the impacts of the corporate disruption.

1.6 Stand-By

If the triggers for activation have not been met but the disruption has the potential to impact on the continued delivery of the service in the near future, then the person responsible for plan activation may want to consider discussing the potential impact with members of the Incident Response Team and monitor the situation.

1.7 Priority Activities

- Priority Activity: This is assessed in the Business Impact Analysis and is defined as 'the activities to which priority must be given following an incident in order to mitigate impacts'.
- Recovery Time Objective: Target time set for the resumption of service after the initial disruption.

1.8 Incident Response Team

The role of the Incident Management Team (IMT) is to provide the strategic command, control and decision making during a disruptive event. This is usually lead by the Chief Executive or Duty Gold Manager. Further information on the Incident Management Team to internal and external emergencies is detailed in the WNC Corporate Business Continuity Plan and the WNC Emergency Plan.

2.0 PRIORITY ACTIVITIES

	Prioritised Activity	Recovery Time Objective (RTO)	Minimum Business Continuity Objective (MBCO)	Recovery Point Objective
1	Payment of existing monthly pensions	24 hours	Criticality stems from proximity of event to payroll deadlines. Pensioner payroll runs cannot be missed or delayed to prevent financial hardship, financial claims and reputational damage.	24 hours
2	Calculation and payment of new monthly pensions	3 working days	Cases need to be processed and loaded onto altair and ERP prior to payroll deadlines, irrespective of delays.	3 working days
3	Administration of death notifications	3 working days	Access to Tell Us Once system and Accurate monthly mortality screening required in order to prevent pension overpayments.	3 working days

4	Payment of retirement and death grants	3 working days	Able to process a payment with no longer than a 3 working day delay to prevent complaints, disputes and reputational damage.	3 working days
5	Governance processes for Pension Committees, Investment Sub-Committees and Local Pension Boards	3 working days	Committee and Board documentation must still be prepared and approved in advance of relevant publication deadlines. Publication deadlines can only be extended by relevant Monitoring Officer.	3 working days
6	Reconciliation of employee/employer contributions	3 working days	Late payers are notified with no longer than a 3 working day delay and breaches of the law continue to be accurately recorded and reported.	3 working days
7	Investment activities (payments into and out of Funds)	3 working days	To ensure investment commitments continue to be made according to agreed timescales, thus	3 working days

			avoiding additional, possibly material, costs.	
8	Implementing Court Orders (Pension Sharing on Divorce)	5 working days	To implement as soon as possible, prioritising those taking immediate effect, thus avoiding complaints, disputes and reputational damage.	5 working days
9	Processing of early leavers (deferred benefits)	5 working days	The timescale would still enable the Fund to meet the statutory two-month deadline for the processing of such cases, thus avoiding breaches of the law.	5 working days
10	Production of accounting disclosures for scheme employers	5 working days	Enabling scheme employers to complete their accounts in a timely manner.	5 working days
11	Reconciliation of payments from third parties including scheme employers	5 working days	Required in order to understand whether charges, fees, and strain payments have been received.	5 working days

12	Completion of employer data exercises in connection with activities such as TUPE and cessations	7 working days	To provide information to enable completion of employer projects and to provide cessation information/decisions with no longer than a 7 working day delay.	7 working days
13	Reconciliation of transfer payments into the Funds, including AVCs for retirement, death and transfer	7 working days	To ensure members are notified of the transfer in with no longer than a 7 working day delay.	7 working days
14	Payment of transfer payments out of the Funds	10 working days	To prevent complaints and reputational damage, prioritising urgent cases.	10 working days
15	Payment of refunds	10 working days	To ensure refunds of contributions are made with no longer than a 10 working day delay.	10 working days
16	Payment to suppliers and payment of fees to investment managers	10 working days	To keep suppliers and investment managers apprised of any delays and to make payment with no longer than a 10 working day delay.	10 working days

RTO = the period of time following an incident within which a service or activity must be resumed, or resources must be recovered (How quickly should this activity be recovered?)

MBCO = the minimum level of services/activities that is acceptable to the organisation to achieve its business objectives during a disruption.

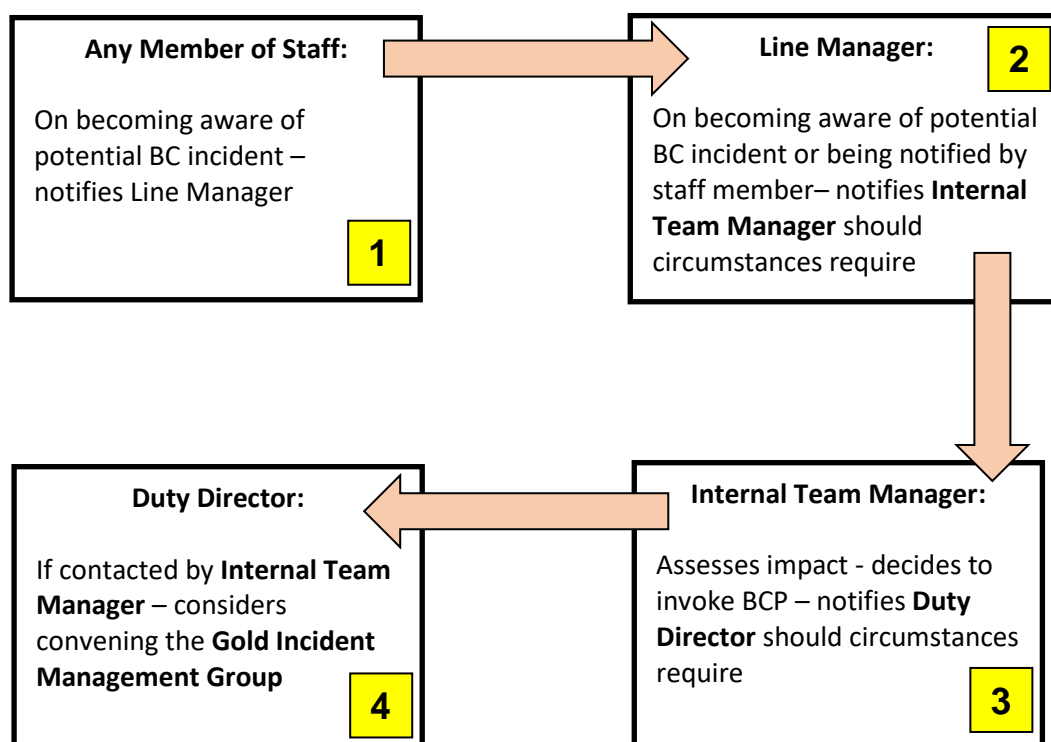
RPO = the point in time in which data used by an activity must be restored to enable the activity to operate.

3.0 PROCESS FOR ACTIVATION AND HOW TO USE THIS PLAN

In the event of a disruptive incident the **Team Manager/Tactical Manager** (*as detailed on the title page*) or **his/her deputy**, shall be responsible for invoking and co-ordinating the incident response. In the absence of either of these persons, the most **senior manager within the service** shall assume responsibility.

THE FIRST INDICATION OF A POTENTIAL INCIDENT WILL MOST LIKELY COME FROM A MEMBER OF FRONTLINE STAFF AND THERE MUST BE A FORMAL, STRUCTURED PROTOCOL FOR ESCALATION THAT IS FULLY UNDERSTOOD BY ALL STAFF.

All staff have a responsibility to notify their line manager, or other appropriate manager, if they feel the service area's ability to operate effectively may be in danger or there may be a need to invoke Business Continuity Plans (BCP). This should then be escalated to an **Internal Team Manager**. During out-of-hours, the **Emergency Planning Duty Officer** will be contacted to escalate the response to the **Duty Gold Manager**.



3.1 Business Continuity Incident Status

In the event of a serious incident affecting the operations of the service area, the following status levels will be used to indicate and assess the likely impact of the Business Continuity Incident.

STATUS	DESCRIPTION
GREEN	An issue not deemed to be of a serious enough nature to alert the Assistant Director .
AMBER	An issue showing the potential to affect the Priority Activities of either a team site or service that may escalate and require a full invocation of a Business Continuity Plan and 'Stand by' notification to the Assistant Director (Internal Silver Manager) .
RED	A serious issue affecting the Priority Activities of either a team site or service requiring immediate invocation of a Business Continuity Plan and notification of the Duty Gold Manager .

A Business Continuity Incident will be declared by the duty Gold Manager, or Duty Silver when one of the following conditions arises:

1. Access to or the ability to operate **Priority Activities** from a council site is either fully or partially interrupted due to an incident occurring.
2. There is significant disruption to **Priority Activities** due to the loss of key staff or skills.
3. The council's IT systems are interrupted or failing causing significant disruption to the **Priority Activities** of either a service or wider group of users.
4. There is a failure of service provision of **Priority Activities** provided by a third party supplier.

And as a result of the incident there may be an impact on:

1. the **health and safety** of public or staff, and/or;
4. the **financial security** or **reputational standing** of the council, and/or;
3. **accommodation**, requiring the location of alternative working premises or service delivery resources.

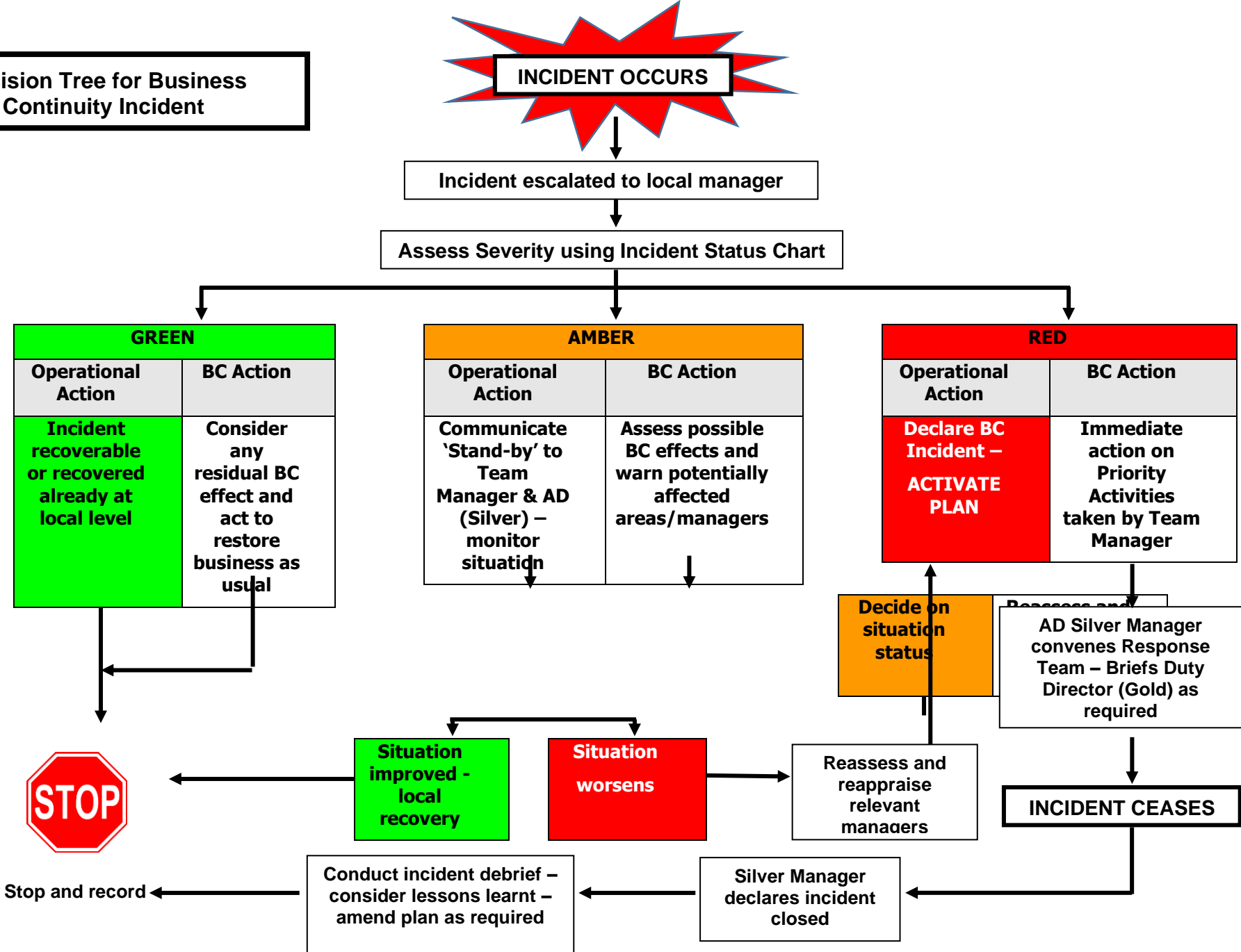
4.0 ACTIVATION TRIGGERS

As part of the Business Impact Analysis (BIA) process the Priority Activities of the service will already have been identified (see Section 2.0 above) and allocated a maximum time of acceptable disruption, an ideal target time for service resumption and an agreed level of service provision following resumption.

Events triggering a business continuity response will fall into eight broad categories:

Loss of people: (<i>Examples</i>)
<ul style="list-style-type: none">• Flu pandemic/wide scale community illness/Covid-19• Transport disruption• Industrial action• Loss of key skills
Loss of premises: (<i>Examples</i>)
<ul style="list-style-type: none">• Fire in building or adjacent properties• Internal flooding• External flooding• Application of security cordon
Loss of IT: (<i>Examples</i>)
<ul style="list-style-type: none">• Internet provider failure• Data loss• Connectivity failure• Software failure• Loss of VOIP phones
Loss of specialist equipment: (<i>Examples</i>)
<ul style="list-style-type: none">• Failure of machinery• Loss of vehicles• Failure of specialised printers
Loss of suppliers: (<i>Examples</i>)
<ul style="list-style-type: none">• Loss of service providers• Loss of product suppliers• Failure of partner agencies
Loss of utilities: (<i>Examples</i>)
<ul style="list-style-type: none">• Loss of electricity supply• Loss of water supply• Loss of gas supply• Loss of sanitary/sewerage facilities
Severe and widespread snow (<i>Examples</i>)
<ul style="list-style-type: none">• Beast from the East – February 2018
Constraints on fuel supplies (<i>Examples</i>)
<ul style="list-style-type: none">• Industrial action• Public protest• Scarcity of fuel supply• Technical problems with fuel supply infrastructure.

Decision Tree for Business Continuity Incident



5.0 INCIDENT RESPONSE

5.1 Incident Response Roles and Responsibilities

Role	Designated Employee	Alternate
Head of Pensions	Name: Mark Whitby Contact Information: 07990 556197	Name: Akhtar Pepper Contact Information: 07990 556197
Incident Responsibilities may include: <ul style="list-style-type: none">• Ensure the Business Continuity Plan has been activated• Oversee smooth implementation of the response and recovery section of the plan• Follow continuity tasks, for instance, is there a need for an alternate site? If so, activate this• Ensure resources are allocated where needed• Ensure measures are in place to protect staff welfare.• Ensure sites remain safe and secure• Communicate with key stakeholders as needed• Provide information for the Communications Officer for distribution• Keep key staff updated of any changes to the situation• Attends IMT meeting during incidents and reports level of impact on service to IMT.• Determine the need for and activate the use of an alternate site and other continuity tasks.• Oversee smooth implementation of the response and recovery section of the plan• Ensure records of decision making are kept and any expenditure arising out of recovery operations.		

Role	Designated Employee	Alternate
Operations Manager	Name: Akhtar Pepper Contact Information: 07718 099646	Name: Jo Kent Contact Information: 07342 065329
Incident Responsibilities may include: <ul style="list-style-type: none">• Focus on continuation of services• Responding to effects of an incident• Ordering and purchasing replacement equipment where needed• Recovery of damaged files, vehicles, equipment and premises.		

5.2 Evacuation Procedures

Location of evacuation plan:	https://wnugov.sharepoint.com/sites/WNC-HealthSafety/Shared Documents/Forms/AllItems.aspx?id=%2Fsites%2FWNC-HealthSafety%2FShared Documents%2FOAS Emergency Evacuation procedure%2Epdf&parent=%2Fsites%2FWNC-HealthSafety%2FShared Documents
The assembly point for the team is:	One Angel Square does NOT operate a policy to muster staff during core hours. Dispersal from immediate area for 20 minutes following standard Emergency Evacuation Procedures. Further instructions will be provided on return.

5.3 Grab Bag

Location of service grab bag:	Not applicable
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5.4 Initial Response Checklist For Team Manager (Tactical)

This stage is often the most crucial; actions taken during this phase of our response can impact on the ability to recover efficiently and with minimum disruption, its purpose is to:

- a) Protect the safety of staff, visitors and the wider community
- b) Protect vital assets e.g. equipment, data, reputation etc.
- c) Ensure necessary communication takes place
- d) Support the Business Continuity phase
- e) Support the Recovery and Resumption phase.

The following actions will be taken to protect the immediate safety of staff, visitors and the public:

No.	INCIDENT RESPONSE ACTION	✓	ACTION TAKEN AND BY WHO
1	Receive notification of potential BC incident.	<input type="checkbox"/>	
2	Determine nature of incident and extent of impact on Priority Activities .	<input type="checkbox"/>	
3	Assess severity of incident using the BC Incident Status Chart (Page 7).	<input type="checkbox"/>	
4	DECISION - Invoke/do not invoke Business Continuity Plan.	<input type="checkbox"/>	
5	If severity of incident warrants it, contact Assistant Director (Silver) and provide initial situation report (SitRep). Agree a time for the next SitRep.	<input type="checkbox"/>	
6	Evacuate the building if necessary	<input type="checkbox"/>	Use normal evacuation procedures for the building.
7	Ensure all staff report to the Assembly Point.	<input type="checkbox"/>	
8	Check that all staff, contractors and any visitors have been evacuated from the building and are present.	<input type="checkbox"/>	
9	Record names and details of any injured or distressed persons.	<input type="checkbox"/>	
10	Call emergency services (as appropriate)	<input type="checkbox"/>	

11	Ensure log of incident is started and maintained throughout the incident phase	<input type="checkbox"/>	Use a decision and action log to do this. The log template can be found in Appendix C.
12	Activate staff members and resources	<input type="checkbox"/>	
13	Brief team members of the incident	<input type="checkbox"/>	Refer to Appendix B restrict or deny staff and or public access to council.
14	Allocate specific roles and responsibilities.	<input type="checkbox"/>	
15	Contact key stakeholders and any relevant regulatory bodies	<input type="checkbox"/>	
16	Log details of any damage	<input type="checkbox"/>	
17	Identify the RECOVERY TIME OBJECTIVES (RTOs) of proritised activities that have been disrupted. Ensure you have identified both the short term priorities (24 hours and 24-48 hours) and the longer term actions (1 week and 1-2 weeks).	<input type="checkbox"/>	
18	Consider the unaffected activities which may need protecting/sustaining.	<input type="checkbox"/>	
19	Have understood and complied with any regulatory/compliance requirements?	<input type="checkbox"/>	
20	Identify issues for escalation to Assistant Director or equivalent (e.g. financial requirements, communication with media etc.)	<input type="checkbox"/>	
21	Consider whether the involvement of other teams, services or organisations are required to support the management of the incident	<input type="checkbox"/>	
22	Keep staff informed, agree reporting channels, frequency of meetings and additional team members required and/or agencies involved.	<input type="checkbox"/>	
23	Ensure costs are recorded. Gain authorisation from Finance for emergency expenditure – Log expenditure decisions in Appendix D	<input type="checkbox"/>	

6.0 BUSINESS CONTINUITY

The purpose of the business continuity phase of response is to ensure that priority activities are resumed as quickly as possible and/or continue to be delivered during a disruption to key dependencies (premises, staff, IT, utilities, suppliers/partners).

6.1 Business Continuity Checklist for Team Manager

At the operational level these are the actions to be considered:

No.	BUSINESS CONTINUITY ACTION	✓	ACTION TAKEN AND BY WHO
1	Convene a Resilience Working Group	<input type="checkbox"/>	Plan actions and priorities
2	Identify any other staff required to be involved in the BC response	<input type="checkbox"/>	The Tactical Group may need additional/specific input in order to drive the recovery of priority activities
3	Evaluate the impact of the incident	<input type="checkbox"/>	Use an incident impact assessment form to understand the impact of the incident on 'business as usual' working activities.
4	Plan how prioritised services and activities will be maintained (refer to section 6.2 below) in the event of;	<input type="checkbox"/>	<ul style="list-style-type: none"> ▪ Loss Of People ▪ Loss Of Premises ▪ Loss of ICT ▪ Loss of Specialist Equipment ▪ Loss of Suppliers ▪ Loss of Utilities ▪ Severe and Widespread Snow ▪ Constraints on Fuel Supplies
5	Log all decisions and actions	<input type="checkbox"/>	Use a decision and action log (Appendix C) Include decisions not to do something with a rationale to provide the context.
6	Log all financial expenditure	<input type="checkbox"/>	Create a log of expenditure (Appendix D)
7	Allocate specific roles as necessary	<input type="checkbox"/>	Roles allocated will depend on the incident and availability of staff
8	Secure resources to enable prioritised activities to continue/be recovered	<input type="checkbox"/>	Consider requirements such as staffing, premises, equipment.
9	Deliver appropriate communication actions as required	<input type="checkbox"/>	Ensure methods of communication and key messages are developed as appropriate to the needs of your key stakeholders e.g. customers, suppliers, staff, executive, members etc.

6.2 Action and contingency plans for continuing prioritised service/activities

Consider what actions will need to be taken to ensure prioritised activities are resumed within the Recovery Time Objective (RTO) and to the agreed level Minimum Business Continuity Objective (MBCO). Also consider the minimum resources required to do so.

Planning Assumptions

There are planning assumptions listed under each risk heading below. The National Business Resilience Planning Assumptions (which summarise the government's assessment of the potential impact of a range of national risks) have been used as a reference tool to support and inform WNC's planning assumptions in relation to business continuity risks.

LOSS OF PEOPLE

Planning assumption: 50% loss of staff for up to 13 weeks due to illness, absence, incident or response arrangements.

PHASE 1 – ACTIONS TO BE TAKEN IN FIRST 24 HOURS			
Priority activity	Action	Person Responsible	Complete
1	Determine nature of incident and expected staffing levels for duration of incident across senior management, team leaders and officers.	Head of Pensions	
2	Communicate business continuity plan to senior managers and ensure information cascade to staff.	Head of Pensions	

PHASE 2 – ACTIONS TO BE TAKEN IN DAYS 2-7			
Priority activity	Action	Person Responsible	Complete
1	Determine activities that can be undertaken within expected resource level.	Senior Management	
2	Prioritise critical activities and put in place required resourcing, reassigning senior managers, team leaders and officers as appropriate.	Head of Pensions Senior Management	
3	Determine any impact on suppliers and internal services supporting critical functions.	Senior Manager responsible for contract	
4	Identify any additional resourcing required and nature of role, particularly where specialist cover is required.	Senior Management	
5	Determine whether any non-critical functions can be suspended, for what period and what is the impact.	Head of Pensions Senior Management	
6	Identify any training needs due to reskilling and commence training.	Senior Management	
7	Inform key stakeholders of impacts including responsible officers and Committee/Board Chairmen	Head of Pensions	
8	Reach out to professional advisors and contacts in other Funds as appropriate.	Head of Pensions	

9	Communicate impacts to scheme members and scheme employers through website, helpdesks and via email.	Communications Manager	
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PHASE 3 – ACTIONS TO BE TAKEN IN THE FOLLOWING WEEK

Priority activity	Action	Person Responsible	Complete
1	Continuation of officer training	Senior Management	
2	Recruitment of additional resource	Senior Management	
3	Continue communications to scheme members and employers as required	Communications Manager	
4	Completion of weekly staffing spreadsheets to understand absences within service and across wider organisation	Head of Pensions	

LOSS OF PREMISE

Planning assumption: No notice denial of access to a main building, with no alternative provision for at least 72 hours.

PHASE 1 – ACTIONS TO BE TAKEN IN FIRST 24 HOURS			
Priority activity	Action	Person Responsible	Complete
1	Determine reason for denial of access via Property Service if not already evident.	Head of Pensions	
2	Monitor corporate communications and understand expected timeline for restoration of building access.	Head of Pensions	
3	Communicate business continuity plan to senior managers and ensure information cascade to staff.	Head of Pensions	
4	Instruct staff to work remotely for duration of incident.	Head of Pensions	
5	Identify whether alternative location available for hard copy post to be re-routed to and where essential scanning/printing can be undertaken.	Head of Pensions Operations Manager	
6	Establish whether a Helpdesk facility can be provided and update website/voicemail appropriately.	Head of Pensions Operations Manager	

PHASE 2 – ACTIONS TO BE TAKEN IN DAYS 2-7			
Priority activity	Action	Person Responsible	Complete
1	Establishment of reduced office-based team to undertake critical functions – scanning/printing and helpdesk.	Operations Manager	
2	Alternatively, identification of scanning/printing solution through existing suppliers or wider corporate solution to ensure business continuity.	Operations Manager	
3	Management of remote working arrangements of staff, ensuring adequate equipment is made available.	Senior Management	

PHASE 3 – ACTIONS TO BE TAKEN IN THE FOLLOWING WEEK

Priority activity	Action	Person Responsible	Complete
1	Continuation of alternative working arrangements as necessary.	Senior Management	
2	Establish learning points from loss of premises incident.	Head of Pensions	

LOSS OF ICT

Planning assumption: No notice loss of ICT systems for at least 72 hours.

PHASE 1 – ACTIONS TO BE TAKEN IN FIRST 24 HOURS			
Priority activity	Action	Person Responsible	Complete
1	Determine which systems are unavailable	Head of Pensions	
2	Communicate business continuity plan to senior managers	Head of Pensions	
3	Determine whether there are alternative pathways available to mitigate the impact of any loss of specific ICT systems e.g. accessing altair from outside the corporate network.	Head of Pensions Systems Manager	
4	Determine which activities cannot be undertaken due to the loss of ICT systems.	Senior Management	
5	If ICT system failure is at a key supplier (e.g. altair system) liaise with supplier over disaster recovery process.	Systems Manager	
6	Review critical business processes impacted by incident to identify any workarounds e.g. manual processing, alternative payment methods	Senior Management	
7	Communicate nature and impact of incident to staff through email, if available, or otherwise through direct information cascade.	Head of Pensions	

PHASE 2 – ACTIONS TO BE TAKEN IN DAYS 2-7			
Priority activity	Action	Person Responsible	Complete
1	Ensure available workarounds are implemented within teams.	Senior Management	
2	Communicate impacts to scheme members and scheme employers through available communication channels.	Communications Manager	
3	Communicate restoration of services to scheme members and scheme employers.	Communications Manager	

PHASE 3 – ACTIONS TO BE TAKEN IN THE FOLLOWING WEEK			
Priority activity	Action	Person Responsible	Complete
1	Establish learning points from ICT incident including from corporate ICT team and/or from supplier	Head of Pensions	

LOSS OF SUPPLIERS/ CONTRACTORS

Planning assumption: Immediate loss of critical suppliers and/or contractors without warning and without a timescale for restoration.

PHASE 1 – ACTIONS TO BE TAKEN IN FIRST 24 HOURS			
Priority activity	Action	Person Responsible	Complete
1	(Note: If loss of altair system/server please go to Loss of ICT incident) Identify supplier and specific services impacted through discussion with relevant supplier.	Senior Manager responsible for contract	
2	Communicate business continuity plan to senior managers	Head of Pensions	
3	Establish supplier's business continuity arrangements.	Senior Manager responsible for contract	
4	Identify activities impacted by incident and consider against business as usual activities, business plan activities and statutory responsibilities.	Senior Management	

PHASE 2 – ACTIONS TO BE TAKEN IN DAYS 2-7			
Priority activity	Action	Person Responsible	Complete
1	Establish likely timescales for restoration of supplier services.	Senior Manager responsible for contract	
2	Plan how activities identified as being impacted by loss of supplier will be delivered e.g. utilising other existing professional relationships, utilising procurement avenues including National Frameworks, delivering in-house.	Senior Management	
3	Consider reprioritisation of activities to deal with loss of supplier where an option.	Senior Management	
4	Implement action plan to deal with loss of supplier.	Senior Management	
5	Communicate loss of supplier with key stakeholders as necessary e.g. scheme employers, statutory officers, Committee/Board members.	Head of Pensions	

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PHASE 3 – ACTIONS TO BE TAKEN IN THE FOLLOWING WEEK			
Priority activity	Action	Person Responsible	Complete
1	Continuation of action plan as necessary.	Senior Management	
2	Establish learning points from incident in collaboration with supplier	Head of Pensions	

LOSS OF UTILITIES

Planning Assumption: Widespread loss of power across Northamptonshire for at least 72 hours.

PHASE 1 – ACTIONS TO BE TAKEN IN FIRST 24 HOURS			
Priority activity	Action	Person Responsible	Complete
1	Determine scope of loss of utilities and geographical area impacted.	Head of Pensions	
2	Monitor corporate communications and understand expected timeline for restoration of power at One Angel Square and across area impacted.	Head of Pensions	
3	Communicate business continuity plan to senior managers	Head of Pensions	
4	Ensure information cascade to all staff regarding loss of power, by phone if loss of power not localised to One Angel Square.	Senior Management	
5	Establish which staff are impacted by loss of power based on home location.	Senior Management	
6	Instruct staff to work remotely for duration of incident where possible.	Senior Management	
7	Identify alternative working arrangements for staff impacted by loss of power at home.	Senior Management	
8	Identify whether alternative location available for hard copy post to be re-routed to and where essential scanning/printing can be undertaken.	Operations Manager	
9	Establish whether a Helpdesk facility can be provided and update website/voicemail appropriately.	Operations Manager	

PHASE 2 – ACTIONS TO BE TAKEN IN DAYS 2-7			
Priority activity	Action	Person Responsible	Complete
1	Establishment of reduced office-based team to undertake critical functions – scanning/printing and helpdesk.	Operations Manager	

2	Alternatively, identification of scanning/printing solution through existing suppliers or wider corporate solution to ensure business continuity.	Operations Manager	
3	Management of remote working arrangements of staff, ensuring adequate equipment is made available.	Senior Management	

PHASE 3 – ACTIONS TO BE TAKEN IN THE FOLLOWING WEEK			
Priority activity	Action	Person Responsible	Complete
1	Continuation of alternative working arrangements as necessary.	Senior Management	
2	Establish learning points from loss of power incident.	Head of Pensions	

SEVERE AND WIDESPREAD SNOW

Planning assumption: – Severe and widespread snow affecting the whole county for at least 72 hours.

PHASE 1 – ACTIONS TO BE TAKEN IN FIRST 24 HOURS			
Priority activity	Action	Person Responsible	Complete
1	Determine extent of snow incident and monitor corporate communications on subject.	Head of Pensions	
2	Understand impacts of the severe and widespread snow, particularly on the One Angel Square site.	Head of Pensions	
3	Communicate business continuity plan to senior managers	Head of Pensions	
4	Cascade an expected message that staff should work remotely for duration of incident where possible (but subject to the specifics of the general corporate message).	Head of Pensions	
5	Understand impact of incident on other suppliers and provision of corporate services to the Funds e.g. Royal Mail.	Senior Management	
6	Establish who is unable to work (e.g. due to needing to undertake childcare due to school closures) and who can attend work in person (e.g. if they live close to One Angel Square).	Senior Management	
7	Identify suitable work locations for staff and that a team is available to undertake critical office-based activities such as scanning/printing and helpdesk.	Operations Manager	

PHASE 2 – ACTIONS TO BE TAKEN IN DAYS 2-7			
Priority activity	Action	Person Responsible	Complete
1	Establishment of reduced office-based team to undertake critical functions – scanning/printing and helpdesk.	Operations Manager	
2	Alternatively, identification of scanning/printing solution through existing	Operations Manager	

	suppliers or wider corporate solution to ensure business continuity.		
3	Management of remote working arrangements of staff, ensuring adequate equipment is made available.	Senior Management	

PHASE 3 – ACTIONS TO BE TAKEN IN THE FOLLOWING WEEK			
Priority activity	Action	Person Responsible	Complete
1	Continuation of alternative working arrangements as necessary.	Senior Management	
2	Establish learning points from loss of power incident.	Head of Pensions	

CONSTRAINTS ON FUEL SUPPLIES

Planning assumption: Severe constraints on fuel supplies across the county. There is likely to be no advanced notice of a fuel disruption. Fuel stations are likely to be exhausted on fuel supply within 48 hours.

PHASE 1 – ACTIONS TO BE TAKEN IN FIRST 24 HOURS			
Priority activity	Action	Person Responsible	Complete
1	Determine extent of incident and monitor corporate communications.	Head of Pensions	
2	Communicate business continuity plan to senior managers	Head of Pensions	
3	Ensure corporate message regarding incident is cascaded to all staff.	Head of Pensions	
4	Establish working arrangements for all staff based on method of travelling to work and how they are impacted by the constraint on fuel supplies.	Senior Management	
5	Ensure critical office-based activities can continue such as scanning/printing and helpdesk functions.	Operations Manager	

PHASE 2 – ACTIONS TO BE TAKEN IN DAYS 2-7			
Priority activity	Action	Person Responsible	Complete
1	Monitor Government and corporate messaging as incident continues and continue to cascade to staff.	Head of Pensions	
2	Increase remote working arrangements as incident continues.	Senior Management	

PHASE 3 – ACTIONS TO BE TAKEN IN THE FOLLOWING WEEK			
Priority activity	Action	Person Responsible	Complete
1	Continuation of alternative working arrangements as necessary.	Senior Management	
2	Establish learning points from constraints on fuel supplies incident	Head of Pensions	

7.0 INCIDENT RECOVERY

The purpose of the recovery and resumption phase is to resume normal working practises Where the impact of the incident is prolonged, normal operations may need to be delivered under new circumstances e.g. from a different building.

7.1 Return to Normal Operations Checklist

At the operational level these are the actions to be considered now that the crisis is over:

No.	INCIDENT RECOVERY	✓	ACTION TAKEN AND BY WHO
1	Resilience Working Group to agree and plan the actions required to enable recovery and business as usual	<input type="checkbox"/>	Agree priorities and recovery options. To be detailed in an action plan and set against timescales with responsibility for completion clearly indicated.
2	Deactivate staff members and resources as necessary	<input type="checkbox"/>	
3	Continue to log all expenditure incurred as a result of the incident	<input type="checkbox"/>	Maintain a log of expenditure Appendix D
4	Review cash requirements to restore operations	<input type="checkbox"/>	
5	Contact insurance broker/company	<input type="checkbox"/>	
6	Develop financial goals and timeframes for recovery	<input type="checkbox"/>	
7	Keep staff informed	<input type="checkbox"/>	
8	Keep key stakeholders informed	<input type="checkbox"/>	
9	Respond to any short and long terms support needs of staff	<input type="checkbox"/>	Depending on the nature of the incident, may need to consider the use of counselling services, accessed either internally or by engaging appropriate external services
10	On conclusion of incident, stand down Incident and publicise that there is now 'business as usual'	<input type="checkbox"/>	Communications strategy
11	Set priorities and recovery options	<input type="checkbox"/>	
12	Update the recovery plan	<input type="checkbox"/>	

13	Collate copies of the incident logs completed by each member of the Incident Response Team	<input type="checkbox"/>	
14	Carry out a 'debrief' of the incident, documenting the opportunities for improvement and any lessons identified	<input type="checkbox"/>	<ul style="list-style-type: none"> •This should be reviewed by all members of management groups to ensure key actions resulting from the incident are implanted within designated timescales. •Include all stakeholders in debrief actions and relevant third parties to capture full picture.
15	Review this Continuity Plan in light of lessons learned and applied from incident.	<input type="checkbox"/>	<ul style="list-style-type: none"> •Implement recommendations for improvement and update this Plan. •Ensure a revised version of the Plan is read by all members of management groups.

Appendix A Incident Call Procedures and Contact Details

Internal Cascade Call Tree

[Redacted due to personal data]

Contact Details

Service Team Contacts			
Person	Contact numbers	Email	Role

Corporate Leadership Network Contacts			
Person	Contact numbers	Email	Role

WNC/ Internal Service Interdependency Contacts		
Name	Contact details	Service

Business Continuity Contacts		
Name	Role/Responsibility	Contact Details
Emergency Planning Team	EP duty officer	07885 292851 (24/7)

Key Supplier, Stakeholder and Partner Contacts		
Organisation	Contact	Contact Details

Service Procurement Cardholders	
Name	Contact Details

Appendix B Communication Procedures

Communication is a key consideration during a disruptive event and it is essential that you have considered how this will be done during an incident, such as who will activate the call cascade and who the deputies will be.

Instructions

These procedures are only to be used as a guide when notifying staff of a Business Continuity Plan activation and action to be taken.

- Each manager should contact their direct reports and keep each call to less than 3 minutes.

- If person called is available, provide the following message:
 - This is NOT a test.
 - Incident status.
 - The service area's Business Continuity Plan is being put into operation.
 - Action to be taken:
 - Stand by until contacted with further information OR
 - Report to (location) at (time) and bring staff ID and security access card
 - Emphasise that the situation should not be publicised.
- If person called is not available, leave a message for the person to return the call. If leaving a message is not possible, call back every 5 minutes.
- If person remains un-contactable for 20 minutes, call the next person that this person is assigned to notify.
- Thereafter, report list of un-contactable persons to your appropriate chain of command.
- The Team Manager will then complete and return a situation report to the appropriate chain of command (line manager or Incident Management Team if invoked)

Service Team Call Tree

Activation of entire service for activation of recovery procedures

- Use Microsoft PowerPoint Organisational Chart function to develop your service telephone notification tree.
- In your call tree, please indicate the following:
 - Name of staff members (or can use initials).
 - If this person is the Deputy Team Manager, please indicate this below his/her name.
 - Indicate with an acronym for the mobile 'M' Landline phone 'W' and home telephone as 'H'.
 - Highlight in colour the staff members who will be going to a secondary location so that the rest of the staff members will understand that they are required to stay at home during the start of an incident.
 - Indicate if certain staff members need to relocate to another location.

Appendix C Service Area Incident Reporting Procedure

Priority service areas

During major incidents and emergencies, the Incident Management Team (IMT) may request service status reports for managers of the council's priority service areas. The objective of the request is to assess the level of disruption to the delivery of priority services. Service managers are asked to report on the situation within their service area using RAG (red-amber-green) system (see below), providing information only on their priority services or the councils reputation.

All service areas

During a major incident, the IMT may ask all service areas to provide mutual aid in the form of non-priority activity staff, property, or equipment, for example, to support affected services.

Unless an alternative email address is supplied, completed service status reports should be emailed to:

Name:

Contact details:

Also to:

Name:

Contact details:

Service Area Incident Reporting Form			
Service area		Date	
Contact		Telephone/mobile	
Overall status (select only one which describes your services current position)	GREEN	AMBER	RED
	Service operating at a level of 'business as usual' and can deliver its services adequately	Service operating below advisable levels, ensuring prioritised activities are taking precedence. Minimum standards are being met.	Service operating at a greatly reduced level. Resources directed to maintaining priority activities. Risk of minimum standards not being met.

Specific service impacts

Please describe the impact on your critical services being experienced due to the incident.

Priority Service	RAG status (Red, Amber or Green)	Impact/issues being experienced

Do you require any additional resources currently to enable a priority service to keep operating at an acceptable level?

If yes, list them below (e.g. staff, specific skills, equipment, premises etc.)

Resource Required	Timescale

Can you provide mutual aid to other service areas if required?

If yes, what could you provide and for how long? (e.g. staff (approximate numbers), premises (location, type, capacity), equipment (mobiles, laptops).

Mutual Aid Resource	Timescale

Appendix D – Action and Decision Log

Entry No.	Date	Time	Information/Message	From	Contact Details	Action/Decision Taken	Time	Initials
1								
2								
3								
4								
5								
6								

Name of Officer completing log.....

Date.....

Page Of

Appendix E – Expenses Log

Date	Item(s)/service(s) purchased	Directorate and Service Area	Cost	Signature

Name of Officer completing log..... Date..... Page Of ...

Cambridgeshire
Pension Fund

Pension Fund Board
28 January 2022

Report by: Head of Pensions

Subject: Investment Strategy Statement

Purpose of the Report: 1. To present to the Pension Board a report on the revised Investment Strategy Statement (ISS) incorporating the Fund's Responsible Investment Policy.

Recommendations: The Pension Board is asked to note the report.

Enquiries to: Name – Richard Perry, Investments Manager
Tel – 07717 360604
E-mail – Richard.Perry@Westnorthants.gov.uk

1. Background

- 1.1 The Fund is required to maintain an Investment Strategy Statement as described by Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.
- 1.2 The ISS should set out the approach of the Pension Fund to investments that includes, amongst other things:
 - (a) a requirement to invest fund money in a wide variety of investments;
 - (b) the assessment of the suitability of different types of investments;
 - (c) the approach to risk, including the ways in which risks are assessed and managed;
 - (d) the approach to pooling investments;
 - (e) the policy on how social, environmental and corporate governance considerations are taken into account; and
 - (f) the policy on the exercise of the rights (including voting rights) attaching to investments.
- 1.3 The Fund's investment strategy must set out the maximum percentage of the total value of all investments of fund money that it will invest in particular investments or classes of investment.
- 1.4 The Fund must review and if necessary, revise its investment strategy from time to time, and at least every 3 years, and publish a statement of any revisions. The Fund last approved its ISS on 29 March 2018.
- 1.5 The Fund must consult such persons as it considers appropriate as to the proposed contents of its investment strategy.
- 1.6 The Fund has recently undertaken a major review of its investment strategy to strengthen its RI principles.

2. Revised ISS

- 2.1 Following a significant amount of work over the last eighteen months by the Pension Fund Committee (PFC), Pensions Board and Fund Officers, with support from third party advisors, an enhanced approach to RI matters was incorporated in a draft of the Fund's ISS presented for review to the PC on 25 March 2021.
- 2.2 Subsequent to the 25 March meeting, a consultation was launched inviting feedback from Pension Fund employers and members on the contents of the draft ISS, with specific questions relating to the RI section.
- 2.3 Members of the Board and PFC reviewed the responses to the consultation at a workshop on 4 August 2021. Feedback from the survey was strongly supportive of the ISS and RI policy.
- 2.4 Following discussion, the attendees on 4 August requested that the RI policy should be enhanced by adding a commitment for the Fund's investments to have net zero carbon emissions by 2050, a date consistent with UK Government targets.
- 2.5 No other substantive changes were made to the RI policy or other sections of the ISS arising from the consultation, but the opportunity was taken to revisit the wording to improve the consistent usage and explanation of terminology.
- 2.6 A paper was presented to the PFC on 15 December 2022 with a final draft of the Investment Strategy Statement for approval. A copy of the PFC report is attached as Appendix A.
- 2.7 The approved ISS is attached as Appendix B and has been published on the Fund's web pages.

3. Public questions

- 3.1 It is noted that ahead of the PFC on 15 December seven questions were received from members of the public relating to a specific elements of the Fund's RI policy – primarily divestment from holdings in fossil stocks and the Fund's preference for engagement rather than divestment.
- 3.2 In response to the seven questions read out at the start of the meeting, the Head of Pensions read a prepared statement that re-iterated the policies set out in the ISS and noted that in early 2022 the Fund (at the Investment Sub Committee) will be considering plans for decarbonising the investment portfolio and to have clearly expressed carbon reduction targets as milestones. A copy of the questions and the Head of Pensions' statement is attached as Appendix C.
- 3.3 Individual tailored responses were also emailed to each of the questioners where additional detail had been requested.

3. Relevant Pension Fund Objectives

- 3.1 To ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer.
- 3.2 To 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.

- 3.3 To 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.
- 3.4 To ensure appropriate exit strategies are put in place both in the lead up to and termination of a scheme employer.

4. Risk Management

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

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

- 4.2 The Pension Committee and Pension Board has a responsibility to ensure the ACCESS pool meets the Government's published criteria on asset pooling within the Local Government Pension Scheme universe.
- 4.3 The Fund's full risk register can be found on the Fund's website at the following link:
[Pension Fund Risk Register hyperlink](#)

5. Finance & Resources Implications

- 5.1 There are no resources or financial implications arising from the paper.

6. Communication Implications

- 6.1 None.

7. Legal Implications

- 7.1 None.

8. Consultation with Key Advisers

- 8.1 Not applicable.

9. Alternative Options Considered

- 9.1 Not applicable.

10. Appendix

- 10.1 Appendix A - Report to the Pensions Committee 15 December 2021 – Investment Strategy Statement – without Appendices.
- 10.2 Appendix B - Revised Investment Strategy Statement.
- 10.3 Appendix C – Questions submitted to Pension Fund Committee by members of the public.
- 10.4 Appendix D - Statement read at the Pension Fund Committee on 15 December.

Checklist of Key Approvals

Has this report been cleared by Head of Pensions? Mark Whitby 11/01/2021

Cambridgeshire
Pension Fund

Pension Fund Committee

13 December 2021

Report by: Head of Pensions

Subject: Investment Strategy Statement

Purpose of the Report: To present to the Pension Fund Committee for approval the final draft Investment Strategy Statement including the Responsible Investment policy, reflecting feedback from the Committee and consultation with scheme employers and members.

Recommendations: 1. Approve the Investment Strategy Statement for publication on the Fund's web pages; and
2. Approve the summary of feedback from the consultation that will be published on the Fund's web pages.

Enquiries to: Name – Richard Perry, Investments Manager
Tel – 07717 360604
E-mail – richard.perry@westnorthants.gov.uk

1 Background

- 1.1 The Fund is required to maintain an Investment Strategy Statement (ISS) as described by Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.
- 1.2 The ISS should set out the approach of the Pension Fund to investments that includes, amongst other things:
- (a) a requirement to invest fund money in a wide variety of investments;
 - (b) the assessment of the suitability of different types of investments;
 - (c) the approach to risk, including the ways in which risks are assessed and managed;
 - (d) the approach to pooling investments;
 - (e) the policy on how social, environmental and corporate governance considerations are taken into account; and
 - (f) the policy on the exercise of the rights (including voting rights) attaching to investments.
- 1.3 The Fund's investment strategy must set out the maximum percentage of the total value of all investments of fund money that it will invest in particular investments or classes of investment.

Appendix B – Summary of feedback on consultation for publication on the Fund's web pages

- 1.4 The Fund must review and if necessary, revise its investment strategy from time to time, and at least every 3 years, and publish a statement of any revisions. The Fund last approved its ISS on 29 March 2018.
- 1.5 The Fund must consult such persons as it considers appropriate as to the proposed contents of its investment strategy.
- 1.6 On 25 March 2021, the Pension Fund Committee (PFC) approved a revised ISS incorporating a substantially strengthened Responsible Investment Policy and agreed to undertake a consultation with stakeholders on the ISS.

2 Consultation

- 2.1 A consultation has been undertaken to seek the views of scheme employers and members on the revised Responsible Investment (RI) strategy which is incorporated in the draft ISS.
- 2.2 The consultation was launched in May 2021, with email invitations to respond issued to all scheme employers and those members (active, deferred and pensioners) for whom a live email address is held in the Fund's records.
- 2.3 195 responses were received to direct email requests to over 30,000 members and employers of which four responses were from scheme employers.
- 2.4 The results of the individual questions asked in the consultation are attached as Appendix A, showing the percentage of the 195 respondents who scored the questions on a five-point scale: Strongly agree, Agree, Neutral, Disagree, Strongly disagree.
- 2.5 A summary of the feedback from the consultation was discussed by members of the PFC and Local Pension Board (LPB) at a workshop on 4 August 2021. In summary, the outcome of the consultation was that:
 - 2.5.1 Scoring was supportive of the document and the policies therein, with favourable scores for each question (Strongly agree and Agree) in the range 51% to 92%; negative scores (Strongly disagree and Disagree) were in the range 2% to 12%;
 - 2.5.2 Narrative feedback provided clarification to the scoring. For example, some scores in Disagreement with the policies were because the respondent did not want the Fund to make any changes to investment policies to address RI issues;
 - 2.5.3 It was recognised that the ISS is a technical document written in technical language, but it would be beneficial to the reader if the wording was clearer, and terminology explained better.
- 2.6 A summary of the feedback and actions arising from the consultation has been prepared for publication on the Fund's web pages and is attached as Appendix B for review by the PFC.

3 External Review

3.1 In parallel with the consultation survey, an external consultancy, Minerva, has been engaged by the ACCESS pool to assist in documenting RI guidance for the ACCESS pool, building upon the RI policies of each of the eleven ACCESS partner funds. Minerva have conducted a gap analysis of the RI policies of each of the eleven funds. Initial feedback on the gap analysis, broken down into 5 areas of analysis: Governance, Investment approach, Implementation, Stewardship, Reporting, was that:

3.1.1 The fund achieved the joint highest score across all 11 funds for reporting;

3.1.2 Overall, Cambridgeshire Pension Fund was ranked joint 3rd (with Northamptonshire) out of 11;

3.1.3 The review has highlighted areas of focus:

- Clarifying the purpose of the RI policy – now updated in the draft ISS;
- Reference to the Fund's conflicts of interest policy – a policy is being developed under a separate work stream.

4 Pension Fund Committee and Local Pension Board feedback

4.1 A virtual workshop was held on 4 August 2021 for the PFC and LPB to review and discuss the output from the consultation. The main issues raised by attendees were:

4.1.1 The response rate to the consultation was disappointingly low. Action should be taken to facilitate better participation in future consultations. Suggestions included making the questions simpler or more direct, and to improve communication with members e.g. by sending reminder emails.

4.1.2 There may be a conflict between scheme members who preferred that the Fund optimise its investment performance in contrast to those that supported positive steps to mitigate Environmental, Social & Governance (ESG)/RI issues such as climate change. Any changes to investment approach must be consistent with the fiduciary duties of the PFC.

4.1.3 Specifically, on climate change: -

4.1.3.1 How should the Fund respond to scheme employers who had themselves declared a climate emergency or made local commitments to achieve net carbon neutrality? However, it is noted that employers do not share the PFC's fiduciary duty to scheme members.

4.1.3.2 Can the Fund justify not stating an ambition to make its investment portfolio net carbon neutral and align with the UK Government's target to achieve this by 2050?

4.1.3.3 How will the implementation of the Fund's policies be facilitated by, and aligned with policies of, the ACCESS Pool relating to climate change?

4.1.3.4 The Fund's Independent Adviser supported the Fund taking considered steps forward rather than making bold commitments that were not

supported by a credible plan of action, which might lead to the accusation of “green-washing”.

- 4.1.4 The Fund’s policy of engagement in preference to divestment needs to be clarified to explain that where engagement is not effective and divestment is considered does this apply to an individual stock or to the investment manager or, in the pooling context, an ACCESS sub-fund.
- 4.2 Further to the feedback session on 4 August 2021, the following changes have been made to the ISS:
- 4.2.1 A commitment is stated for the Fund’s investments to have net-zero carbon emissions by 2050 (or earlier). Over the next 12 months (by December 2022) the Fund will develop a credible plan with milestone dates to achieve this, in conjunction with the existing work scheduled by Mercer to draft the Fund’s first report that meets the requirements of the Task-Force on Carbon-Related Financial Disclosures (TCFD);
- 4.2.2 The wording on engagement has been expanded;
- 4.3 In response to the consultation responses and feedback from Minerva, officers have also taken the following actions:
- 4.3.1 Reviewed the entire ISS document, focussing on the main ISS elements that were not reviewed in the draft distributed, aiming to make it easier to read, using terminology consistently and, avoiding or explaining acronyms and jargon;
- 4.3.2 Added additional explanation of:
- The roles of PC and ISC
 - The scope of the investment strategy required by the Investment Regulations
 - The Fund having an Independent Adviser
 - The strategic asset allocation and periodic rebalancing back to central strategic target allocations
 - Pooling, expanding upon the objectives of pooling, and size and composition of ACCESS. Clarifying usage of terminology for the ACCESS pool, ACCESS ACS (Authorised Contractual Scheme), ACCESS funds, pool operator etc.
- 4.3.3 Added a specific new risk on climate to align with the Fund’s Risk Register;
- 4.3.4 Explained the Background and objective of the RI policy;
- 4.3.5 Noted that the policy prioritises the next steps which are mainly research that will inform subsequent steps and a further iteration of the RI Policy.
- 4.4 A revised draft of the ISS was reviewed at the September meeting of the ISC, and a further amendment requested to Section 5.B Climate Risk to insert the words “or funds” in the following paragraph:

“The risks to the value of the Fund’s investments arising from climate change arise from exposures to industries, companies or funds that are valued on the basis of business

models that may be threatened by climate change, or based upon reserves of assets that may never be realised due to changes in technology, markets and societal habits arising from climate change (“stranded assets”). The incidence and timing of changes in value need to be analysed further to understand the risks to the Fund”.

- 4.5 A final draft ISS is attached at Appendix C and a tracked changes comparison to the ISS issued with the consultation is attached as Appendix D.
- 4.6 The ISS will be reviewed again during 2022 to ensure that the RI policies and actions reflect the milestone plan for being net-zero by 2050 and to ensure alignment with emerging best practice including steps taken by partner ACCESS and wider LGPS funds.

5 Relevant Pension Fund Objectives

- To 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.
- To 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.
- To ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer.
- To put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy.
- To maximise investment returns over the long term within agreed risk tolerances.

6 Risk Management

- 6.1 The PFC has the authority to determine the Fund’s investment objectives and to set and review the long-term high-level investment strategy to ensure these are aligned with the Fund’s specific liability profile and risk.
- 6.2 The risks associated with implementing the strategy have been captured in the Fund’s risk register as detailed below.

RISK REGISTER	RISK MITIGATED	RESIDUAL RISK
Investment (Risk 3)	As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund’s investments.	Amber
Investment (Risk 5)	Fund assets are not sufficient to meet obligations and liabilities as they become payable.	Amber

Appendix B – Summary of feedback on consultation for publication on the Fund’s web pages

Investment (Risk 20)	Failure to act appropriately upon expert advice and/or risk of poor advice.	Green
Investment (Risk 24)	Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.	Green

6.3 The Fund’s full risk register can be found on the Fund’s website at the following link: [Fund Risk Register hyperlink](#)

7 Finance & Resources Implications

7.1 All internal costs will be met by existing resources and the cost of the Fund’s Investment Consultants’ Mercer, are included within the 2021/22 budget. Any further financial implications will be included in PFC reports as required.

8 Communication Implications

8.1 None.

9 Legal Implications

9.1 Legal advice will be sought as required.

10 Consultation with Key Advisers

10.1 This paper has been produced in conjunction with the Fund’s Investment Consultants, Mercer and additionally supported by the Fund’s appointed Independent Advisor.

11 Alternative Options Considered

11.1 None

12 Appendix

12.1 Appendix A – Responses to the consultation to the draft Investment Strategy Statement;

12.2 Appendix B – Summary of feedback on consultation for publication on the Fund’s web pages;

12.3 Appendix C - Revised draft Investment Strategy Statement;

12.4 Appendix D – Revised draft Investment Strategy Statement with tracked changes.

Checklist of Key Approvals

Has this report been cleared by Chief Finance Officer/Section 151 Officer?	Yes. Sarah Heywood
Has this report been cleared by Head of Pensions?	Yes. Mark Whitby
Has the Chair of the Pension Fund Committee been consulted?	Yes. Cllr Whelan
Has this report been cleared by Legal Services?	Yes. Fiona McMillan

Investment Strategy Statement (Published 17 December 2021)



Administered in partnership

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1. INTRODUCTION AND BACKGROUND

This is the Investment Strategy Statement (“ISS”) of the Cambridgeshire County Council Pension Fund (“the Cambridgeshire Fund” or “the Fund”), which is administered by Cambridgeshire County Council, (“the Administering Authority”). The Administering Authority has delegated to the Pension Fund Committee (“Committee”) the power to determine and maintain the Fund’s strategies, policies and procedures, including investment strategy. Implementation of the strategy and the monitoring of performance is delegated to the Investment Sub-Committee, for which the membership is drawn from the Committee. .

The ISS is made in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (“the Regulations”). The Regulations state that the Fund’s investment strategy must describe how the Fund’s money will be invested, the approach to risk, the approach to pooling investments, the policy on how Environmental, Social and Governance considerations are taken into account in investment decisions, and the Fund’s policy on exercising rights of ownership including voting rights.

The ISS was approved by the Pension Fund Committee on 13 December 2021, having taken proper advice from its advisers and consulted on the contents of the Fund’s investment strategy with such persons it considers appropriate.

In accordance with the Regulations, the Committee review the investment strategy at least every three years and without delay after any significant change in investment policy. In practice the Committee review the ISS at least annually.

The Committee seeks to invest in accordance with the ISS any Fund surplus cash that is not needed immediately to make payments from the Fund. The ISS should be read in conjunction with the [Fund's Funding Strategy Statement \(FSS\)](#).

2. OBJECTIVES OF THE FUND

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. Pensions and benefits will be met by contributions, asset returns and income.

The Pension Fund Committee works to endeavour that, in normal market conditions, all accrued benefits are fully covered by the value of the Fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing.

The Fund is subject to an actuarial review every three years, in preparation for which the Fund, in conjunction with the Fund's Actuary and taking investment advice, prepares a FSS that sets out the strategy to ensure the long-term solvency of the Fund whilst recognising the need for a minimum (where possible and subject to a level of prudence) and, stable level of employer contributions.

The Administering Authority runs the Cambridgeshire Fund to make sure it invests the contributions appropriately, with the aim that the Fund's assets grow over time with investment income and capital growth.

3. INVESTMENT BELIEFS

The investment strategy adopted by the Fund reflects the FSS requirements to invest surplus contributions appropriately with the aim that the Fund's assets grow over time with investment income and capital growth by applying the following investment beliefs:

1. The strategic asset allocation is the key factor in determining the risk and return profile of the Fund's investments and recognises that the Fund is a long-term, open scheme that has an obligation to pay benefits that are linked to inflation. The Committee also takes into account the covenant associated with the Fund's employers in deciding how much risk is appropriate.
2. Asset allocation and specifically the headline amounts invested in equities, fixed income and alternatives, will drive risk and return levels.
3. Investing over the long-term provides opportunities to improve returns.
 - a. Asset classes that return over a reasonably long duration are suitable for this Fund.
 - b. The Fund has a policy of holding investment managers over the longer-term to reduce the impact of transitions and believes in the benefits of compounded returns.

4. Equities are expected to generate returns above the growth of liabilities over the long-term and have an indirect link to inflation.
 - a. The Fund predominately holds equities due to the belief that they will provide returns above liabilities over the long-term and this helps to ensure that contribution rates remain affordable for employers.
5. Inflation linked UK Government bonds provide a high degree of liability matching and a direct link to inflation.
 - a. Investments in government bonds are not held for return purposes but are held in order to mitigate the risk that contribution rates need to increase significantly should yields fall.
6. Non-Government bonds are expected to provide a return above government bonds and can provide some interest rate protection relative to the liabilities.
7. Alternative assets are expected to generate returns above liabilities over the long-term, which can be linked to inflation, as well as providing diversification benefits.
8. Diversification across asset classes can help to mitigate against adverse market conditions and assist the Fund to produce a smoother return profile due to returns coming from a range of different sources.
9. The Committee favours active management, where there are opportunities for active managers to add value, increasing overall expected return net of fees.
10. Passive strategies provide low cost access to market returns.
11. Responsible Investment including Environmental, Social and Governance are important factors for the sustainability of longer term investment returns.
12. Value for money is defined as recognising net return over absolute cost.

4. SELECTING A SUITABLE STRATEGY

The Committee is responsible for the Fund's strategic asset allocation which is determined via a triennial strategy review as part of the valuation process, but is kept under regular review; noting that strategic changes are an evolutionary process.

The triennial strategy review looks at both qualitative and quantitative analysis, covering the following, which are expanded upon later in the ISS:

- The required level of return that will mean the Fund can meet its future benefit obligations as they fall due
- The level of risk that the Fund can tolerate in absolute terms, and in relation to its funding level and deficit
- An analysis of the magnitude of the various risks facing the Fund is established in order that a priority for mitigation can be determined
- The desire for diversification across asset class, region, sector, and type of security.

The Committee utilises a wide range of professional support such as an investment consultant, an independent investment adviser and the Fund's Actuary. As noted above, the Fund's objective is to pay benefits as they fall due and this requires the build-up of sufficient reserves in advance. At the

last triennial valuation in 2019, the Fund was assessed to have a deficit in terms of the reserves needed and so the asset strategy is focused on achieving returns in excess of inflation, without taking undue risk. Having a thorough understanding of the risks facing the Fund is crucial and these are covered later in the ISS.

The Fund's current investment strategy is set out below reflecting agreed changes made in the 2020/21 financial year to increase the allocation to Fixed Income and reduce the allocation to listed equities. Set out below is the high level strategic asset allocation setting out the acceptable tolerance ranges within asset class.

Asset class	Target allocation %	Tolerances%
Equities	55.0%	+/- 5% (50.0% - 60.0%)
Fixed Income	15.0%	+/- 3% (12.0%-18.0%)
Alternatives	30.0%	+/- 5% (25.0% - 35.0%)
Total target Allocation	100.0%	

The tolerance ranges allow for the short-term natural deviation from the target allocation due to the varying relative performance of each investment type. Exceeded tolerances will be reported in the quarterly performance report to the Investment Sub Committee. Asset class allocations will be rebalanced periodically back to the target allocation.

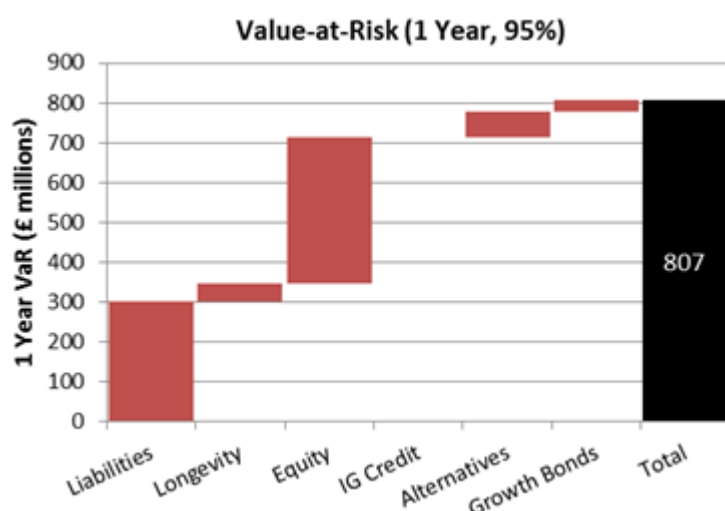
The expected return of the Fund assuming the strategic allocation is maintained is estimated at 4.4% per annum.

5. RISKS

This section considers key investment risks and mitigations.

A. INVESTMENT RISKS

The Committee uses Risk Attribution Analysis to determine the order of magnitude of the main investment risks the Fund is facing. The chart below shows the VaR (Value at Risk, essentially a statistical estimate of the losses that would occur in a 1-in-20 event) facing the Fund, split into impact arising from the major risk categories.



As an additional illustration of risk, the table below shows an indication how a range of events could impact the Fund:

Event	Event movement	Impact on Deficit
Fall in equity markets	20% fall in equities	£405m
Active Manager underperformance	3% underperformance from all active managers	£68m

As shown in both the Value-at-Risk attribution chart and the table above, the two most significant risks that the Fund is running are equity risk and liability risk (arising from interest rates and inflation). The risks associated with active management underperformance of investment assets, whilst not immaterial, is relatively less.

Liabilities (interest rate and inflation) – The largest risk that the Fund faces is in relation to interest rates and inflation. The investment strategy recognises this and looks to increase the allocation to assets that provide protection against falling rates and rising inflation expectations when affordable to do so, which is considered appropriate in the context of the Fund's position as a long-term investor.

Equities – Should equity market conditions deteriorate significantly this will have a negative impact on the funding level. The Fund holds equities in order to provide the necessary returns to ensure that the Fund remains affordable. The Committee believes that the extra returns that are expected to be generated by equities compensates the level of risk equities bring to the Fund, but does believe in diversification, and looks to mitigate equity risk by investing significantly in bonds and alternatives.

Alternatives – The Fund has a significant amount of assets allocated to a range of alternatives, with allocations to property and private equity, amongst others. The risks that these investments bring at an individual level is not insignificant however the Committee believe that over the long term alternatives will provide returns that compensate for the risks being run. Additionally, the level of diversification the assets provide helps to reduce the Funds reliance on returns from equities. Illiquid assets such as property and infrastructure also provide regular cash returns in addition to capital appreciation.

The Fund's portfolio is well diversified across asset classes, geography and asset managers. As different asset classes have varying correlations with other asset classes, the Fund by investing in a range of different investments can minimise the level of risk run to a degree.

Passive Manager Risk – This is the simplest style of investment which places monies purely to track indices with the associated risks of following the full effects of both positive and negative market movements benefiting from the most economical fee rates. This contrasts to active management which is applied to smooth volatility and improve market returns albeit at higher fee rates, the assumption being that the net return after fees is greater than pure passive management.

Active Manager Risk – Active Investment Managers are appointed to manage the Fund's investments on its behalf in the expectation that they will outperform the market but also recognising that their mandates may underperform passive managers. This risk is small relative to other risks; however, the Fund still addresses this risk. Extensive due diligence takes place before investment managers are appointed. The investment managers are also monitored regularly by the Investment Sub Committee, Officers and by the Fund's Advisors. There is a risk that net performance of Active Investment Managers underperforms a passive arrangement over the long-term.

Liquidity risk – It is recognised that there is liquidity risk in holding assets that are not readily marketable and realisable. Given the long-term investment horizon, the Committee believes that a degree of liquidity risk is acceptable given the potential for accessing higher returns. The majority of the Fund's assets, however, remain realisable at short notice.

Exchange rate risk – This risk arises from unhedged investment overseas. The Committee believes that a long-term investor can tolerate a degree of short term fluctuations in currency movements, particularly with reference to the Fund's equity portfolio.

B. CLIMATE RISK

The Fund has acknowledged the risk to the Fund of climate change in its Risk Register: "As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments."

The risks to the value of the Fund's investments arising from climate change arise from exposures to industries or companies that are valued on the basis of business models that may be threatened by climate change, or based upon reserves of assets that may never be realised due to changes in technology, markets and societal habits arising from climate change ("stranded assets"). The incidence and timing of changes in value need to be analysed further to understand the risks to the Fund.

Conversely there may be opportunities to invest in new industries, technologies or funds that assist in mitigating the speed of climate change.

C. DEMOGRAPHIC RISK

The Fund is subject to a range of demographic risks, but with particular reference to investment strategy, the Committee is aware of the potential for the Fund to mature over time as the pensioner liability increases. A mature pension fund is likely to take less investment risk over time and this is considered at each strategy review. The more mature a pension fund, the more likely it is that

investments would need to be realised in order to pay benefits. The Fund is not in that situation at present as cash inflows from contributions and investments are greater than benefit payments. However, this situation is monitored regularly and formally as part of the triennial actuarial valuation and strategy review.

D. CASHFLOW MANAGEMENT RISKS

The Fund is gradually becoming more mature and although it is cash flow positive after taking into account investment income, managing cash flow will become an increasingly important consideration in setting the investment strategy, to ensure that the Fund holds sufficient liquid investments to pay benefits as they fall due.

E. GOVERNANCE RISKS

The Fund believes that there is a benefit to the Fund to be gained from good governance in the form of either or both of an increased return and/or decreased risk. Poor governance can lead to opportunities and risks to be missed, and have a detrimental effect on the funding level and deficit.

Details of the Fund's governance structure can be found in the Governance Compliance Statement.

6. INVESTMENT OF MONEY IN A WIDE VARIETY OF INVESTMENTS

The Fund will invest in a range of investments, diversified by type, class, geographical location and market exposure.

ASSET CLASSES

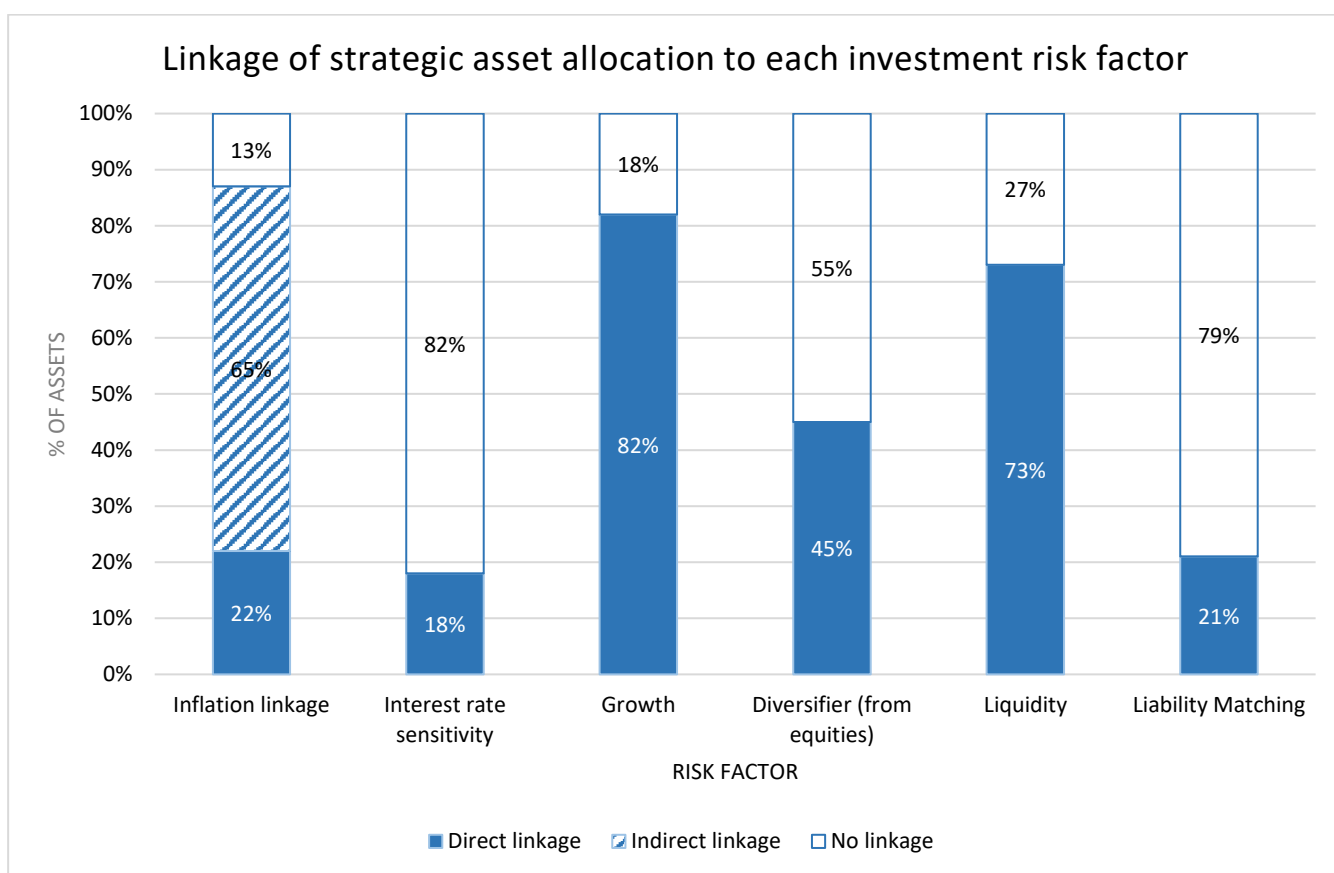
The Fund may invest in quoted and unquoted securities of UK and overseas markets including:

- Equities;
- Fixed interest and index linked bonds;
- Cash;
- Property and commodities, either directly or through pooled funds;
- Private Equity;
- Infrastructure;
- Debt;
- Insurance Instruments;
- Contracts for differences and other derivatives either directly or in pooled funds.

The Fund's target investment strategy is set out below. The table also includes the maximum percentage of total Fund value that it will invest in these asset classes. In line with the Regulations, the authority's investment strategy does not permit more than 5% of the total value of all investments of Fund money to be invested in entities which are connected with that authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007".

Factor	Allocation %	Inflation linkage	Interest rate sensitivity	Growth	Diversifier from equities	Liquidity	Liability matching
Equities	55	Indirect link to inflation over the long-term	No	Yes	No	Yes	No
Index Linked Gov't bonds	5	Yes	Yes	No	Yes	Yes	Yes
Non-Gov't Bonds	10	No	Yes	No	Yes	Yes	Yes
Property	10	Indirect link to inflation over the long-term	No	Yes	Yes	No	No
Private Equity (Including Local Investing)	11	Yes	No	Yes	Yes	No	No
Infrastructure	6	Yes	No	Yes	Yes	No	Yes
Loans	3	No	Yes	No	Yes	Yes	No
TOTAL	100						

The graph below illustrates the linkage of the asset allocation to the key investment risk factors shown in the table above. The ongoing monitoring of the Investment Strategy will review the adequacy of the strategy against these factor risks.



7. ASSET POOLING

The Fund is a member of the ACCESS pool, formed with ten like-minded LGPS funds to implement asset pooling in response to the Government's LGPS reform agenda. The Government's aim is to encourage LGPS Funds to work together to "pool investments to significantly reduce costs, while maintaining investment performance." The eleven funds submitted the proposal to form ACCESS in July 2016, as the voluntary grouping at that time met the Government's criteria for scale, collectively having aggregate assets under management of at least £25bn.

The full membership of the ACCESS pool comprises the following pension funds (collectively "ACCESS" or the "ACCESS funds"):

- Cambridgeshire
- East Sussex
- Essex
- Hampshire
- Hertfordshire
- Isle of Wight
- Kent
- Norfolk
- Northamptonshire

Suffolk
West Sussex

All eleven funds are committed to collaboratively working together to meet the criteria for pooling and have signed an Inter-Authority Agreement to underpin their partnership. The ACCESS funds are working in the expectation that, over time, all investments will be pooled apart from where there is a no value for money benefit to pooling a specific investment as identified and agreed by an individual fund.

Asset pooling is intended to provide the benefits of scale that will enable the Fund to meet its Value for Money objective, defined as recognising net return over absolute cost. In the pooled investment structure individual funds will remain responsible for their own investment strategy and asset allocation decisions. The pool will be responsible for selecting a suitable number of Investment Managers in order to meet the requirements of all of the funds' investment strategies.

Link Financial Services ("Link") have been appointed the operator of the ACCESS ACS (Authorised Contractual Scheme – an HMRC approved tax transparent collective investment vehicle), through which the eleven funds invest in liquid listed investments. The ACCESS funds are investigating the structures through which Alternative assets can be pooled.

Cambridgeshire will not be pooling an allocation to local alternatives currently comprising interests in the Cambridge & Counties Bank, The Cambridge Building Society and the Foresight East of England Fund.

In addition, Cambridgeshire will not pool cash held for the efficient administration of the scheme, which is needed to manage cash flow to meet statutory liabilities including monthly pension payroll payments.

8. RESPONSIBLE INVESTMENT POLICY

Background

The Fund is required by the Regulations to include in the ISS:

- (a) the policy on how social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments; and
- (b) the policy on the exercise of the rights (including voting rights) attaching to investments.

Responsible Investment ("RI") has been defined as encompassing both financial and non-financial factors, bringing together environmental, social & corporate governance ("ESG") factors and broader systemic issues, e.g. climate change and sustainable development, along with active ownership (stewardship and voting) as these can have a material impact on financial performance.

The RI Policy that follows has been approved by the Committee following a series of training and information events presented by RI specialists from the Fund's advisers. RI issues have many facets for which authoritative and consistent sources of data are in their infancy. Seemingly simple investment changes may have unintended consequences for the operation of free markets, local communities and the environment as well as the value of the Fund's investments. The Fund needs to take a holistic approach that takes into account how its policies will impact all citizens and

communities as well as direct stakeholders of the Fund whilst adhering to the principles of fiduciary duty.

This iteration of the RI policy sets out certain areas that the Fund has prioritised for action which include steps to better understand and produce reporting on the Fund's exposures to ESG risks, primarily from climate change. This analysis will inform the next steps that the Committee need to take and which will be incorporated in the next iteration of the RI policy.

A. RESPONSIBLE INVESTING

The Fund is governed by a Pensions Committee formed of scheme member and scheme employer representatives.

Members of the Pensions Committee have a fiduciary duty to act in the best interests of its scheme members and other beneficiaries in all financial and non-financial decisions. With respect to the Fund's investments, to do this effectively there is recognition of the importance of generating sustainable long-term returns. This involves more than an appraisal of financial factors but also takes into account non-financial factors such as Environmental, Social and Corporate Governance ("ESG") issues, including notably, climate change, which may be financially material to the Fund's investments. There is a growing urgency and continual regulatory development with regard to long-term sustainability issues, such as The Climate Change Act 2008 that legally binds the UK to bring all greenhouse gas emission to net-zero by 2050, and the comprehensive 'apply and explain' requirements for asset owners set out in the UK Stewardship Code 2020. Therefore, it is imperative that ESG and stewardship (or active ownership) considerations are integrated throughout investment processes and that they are taken into account as part of funding and investment strategy setting.

Responsible Investment ("RI") is the integration of ESG issues into investment processes and stewardship practices in the belief this can positively impact financial performance over the long-term and will serve the best interests of the Fund's beneficiaries.

B. RESPONSIBLE INVESTMENT BELIEFS

The Fund is committed to embedding RI into all aspects of the investment decision-making process and has adopted a set of Responsible Investment Beliefs as set out in the table below. These beliefs have informed the policy set out in section C, below.

Belief	Explanation
Summary	Environmental, Social and Corporate Governance (ESG) issues, including climate change, create material risks and opportunities which will influence long term investment performance and the ability of the Fund to achieve its investment and funding objectives. Therefore, good ESG and stewardship practices should be integrated throughout the investment process of the Fund.
ESG integration and broad risk management	Effective management of ESG issues is a key determinant of long-term shareholder value and good risk management. Their consideration is part of the Fund's fiduciary duty to beneficiaries. The Fund therefore recognises the importance of its investment managers integrating all material financial and non-financial factors, including ESG considerations, into the decision-making process for fund investments and the ongoing monitoring of these same issues.

Belief	Explanation
Stewardship	Good stewardship can protect and enhance value for companies and markets as a whole. The Fund is committed to being a long-term steward of the assets in which it invests. It believes in the importance of investment managers acting as active asset owners through proactive voting and engagement with companies. In addition, the Fund believes that acting collectively with other investors is an effective way to engage with companies.
Climate change risk	<p>The Fund believes that climate change presents risks over the short, medium and long-term that the Fund should better understand and mitigate where possible. Investment action is an important area for the Fund to further develop its approach, including collaborative engagement opportunities.</p> <p>The Fund supports the objectives of the Paris Agreement, and believes that keeping a global temperature rise this century to well below 2°C relative to pre-industrial levels is entirely consistent with securing strong financial returns.</p> <p>The Fund also believes in a “just transition” to a low carbon economy that ensures fair treatment for employees and communities that would otherwise bear the brunt of industrial change.</p>
Thematic sustainable investments opportunities.	Long-term sustainability trends, including climate change, present opportunities that increasingly require explicit consideration. The Fund should actively consider Investing in strategies that target long-term ESG themes (e.g. energy, water, demographic trends) including those themes set out in the United Nations Sustainable Development Goals (SDGs) on the basis that such opportunities will generate good risk-adjusted investment returns.
Pooling	<p>The Fund is a participating Fund in the ACCESS Pool. The Fund believes that it should work collaboratively with ACCESS to set clear expectations of its investment managers and advisers on how ESG considerations are incorporated into investment activities. ACCESS should offer funds to investors that integrate ESG considerations into their investment process and develop a consistent policy approach to stewardship and climate change.</p> <p>The Committee will ensure that appropriate reporting is available for Pool aligned assets in order that progress can be monitored against the RI Policy.</p>
Ongoing commitment	Responsible investment is a rapidly developing area and the Fund should commit to staying informed, developing its approach and increasing its ambition with regard to these issues.

C. RESPONSIBLE INVESTMENT POLICY

This section sets out the RI Policy based upon the Responsible Investment Beliefs set out in section B, above. The Fund has responsibility for setting its investment strategy and its ambitions on RI.

1. ESG integration and broad risk management

The Fund's investment managers should integrate all material financial factors, including ESG considerations, into the decision-making process for Fund investments and the ongoing monitoring of these same issues.

The Fund recognises the importance of ensuring that Pool level engagement between ACCESS and investment managers in providing appropriate assurance with regard to the investing Funds' policy commitments in this area.

2. Stewardship – exercise of voting rights and engagement

The Fund's investment managers should exercise their rights as owners of investments to actively participate in company level decisions tabled as shareholder votes at General Meetings.

Pool aligned assets should be voted in accordance with the ACCESS Voting Policy on a "comply or explain" basis with voting outcomes regularly monitored.

In addition to proactive voting, the Fund's investment managers should act as active asset owners through engagement with companies where there are concerns over ESG issues. The Fund also believes that acting collectively with other investors, for example, with fellow investors in the ACCESS pool or through membership of the Local Authority Pension Fund Forum (LAPFF) is an effective way to engage with companies. In the event that engagement is not effective the Fund will consider divestment from an individual stock, where agreed with the relevant investment manager that this is appropriate. If the Fund cannot reach agreement with the investment manager on a stewardship issue, it may be appropriate to divest from the manager.

3. Climate Change

The Fund recognises the systemic risk associated with climate change as well as the County Council's targets in this regard and the views and aspirations of other scheme employers and scheme members.

Climate risk is recorded as a key risk in the Fund's Risk Register - Risk No. 3: "As long term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments."

In order to manage this systemic risk and to align with its support of the Paris Agreement and a "just transition", the Fund commits that its investment portfolio will be net carbon neutral by 2050, in line with UK Government's targets.

4. Thematic sustainable investments opportunities

The Fund will consider committing to specialist investment funds that target long-term ESG themes (e.g. energy, water, demographic trends) including those themes set out in the United Nations Sustainable Development Goals (SDGs) on the basis that such opportunities will generate good risk-adjusted investment returns.

The Fund will consider committing to "social investments", defined by Government guidance as investments that deliver a social impact as well as a financial return. The Government considers that social investments are appropriate for LGPS funds where a) the social impact is simply in addition to

the financial return or b) where some part of the financial return is forgone in order to generate the social impact but the administering authority has good reason to think scheme members share the concern for social impact, and there is no risk of significant financial detriment to the Fund.

5. Pooling

The Fund and ten like-minded LGPS funds have formed the ACCESS Pool, and are committed to collaboratively working together to meet the Government's criteria for asset pooling. An Inter Authority Agreement has been signed to underpin the partnership.

The Fund will utilise, where relevant and applicable, the scale and inherent benefits of improved governance and stewardship practices that arise from collaboration with partner ACCESS funds to carry out this Responsible Investment Policy.

More information on this initiative can be found on the [ACCESS Pool website](#)

D. IMPLEMENTATION

1. ESG integration

The Fund reviews the investment process and ESG practices of all prospective managers at the investment/manager selection stage. The ACCESS ACS Operator, Link Financial Services (LFS), performs a similar assessment of ESG, stewardship and the consideration of sustainable opportunities before any investment manager is appointed to a sub-fund within the ACS.

Assurance will be sought through engagement with investment managers and as part of ongoing reporting and presentations at a Fund and Pool level that the investment managers are appropriately integrating ESG into their investment processes and decision making. If managers are lagging behind their peers and the essence of this Policy, they will be engaged and encouraged to improve.

2. Stewardship - voting and engagement

The Fund has delegated the exercise of voting rights to all investment managers including the ACCESS ACS Operator, LFS, on the basis that voting power will be exercised by them with the objective of preserving and enhancing long-term shareholder value.

LFS requires investment managers appointed to exercise the voting rights attached to investments held in sub-funds in line with its voting policy, agreed by all ACCESS funds. Where investment managers on the platform do not adopt the positions set out in the LFS policy, they are required to provide a robust explanation of the position adopted on a comply or explain basis in each sub-fund prospectus.

The Fund's other investment managers (i.e. those where the investment is not accessed via the ACCESS ACS) are not obliged to follow the LFS policy, but have all produced written guidelines and policies outlining their own stewardship process and practices (including voting and engagement). These managers are encouraged to vote in line with their respective guidelines, in respect of all resolutions, at annual and extraordinary general meetings of companies. As part of its manager selection and monitoring process, the Fund reviews such guidelines and policies and ensures that the practices adopted are aligned with the Fund's own Responsible Investment Beliefs.

The Fund embraces the 12 principles of the Financial Reporting Council's UK Stewardship Code 2020 (the Code). Initial work has been commissioned to perform a gap analysis to identify areas for

improving the monitoring of investment managers and further steps necessary to implement a Fund Annual Stewardship Report that meets the standards required to become a signatory to the Code.

LFS also expects that investment managers on the ACS platform will be signatories to and comply with the Code and the United Nations supported Principles of Responsible Investment (UNPRI).

When it comes to engagement, investment managers provided through ACCESS and the Fund's other investment managers not accessed via the platform are expected to engage in constructive dialogue on behalf of the Fund and to use their influence to encourage companies to adopt best practice in key areas. In the event that engagement is not effective the Fund will consider divestment from an individual stock, where agreed with fellow ACCESS investors and the relevant investment manager that this is appropriate. If the Fund cannot reach agreement with the investment manager on a stewardship issue, it may be appropriate to divest from the manager.

3. Climate change

The Fund is assessing the implications of reporting in line with the Financial Stability Board's Task Force on Climate-related Financial Disclosures ("TCFD") framework across the four pillars of Governance, Strategy, Risk Management, Metrics and Targets.

The Fund plans to commission an assessment of the systemic risk posed by climate change on an ongoing basis by undertaking climate change scenario analysis. This analysis seeks to understand the climate impact on return at the total Fund and asset class level across different warming scenarios and help the Fund to further its decision-making.

The Fund will be developing a plan over the next 12 months (by December 2022) with interim milestones to achieve a net carbon neutral investment portfolio by 2050.

4. Thematic sustainable investments opportunities

Within the Fund's Alternative assets allocation, commitments have been made to Local Investments where these are of investible quality and expected to provide strong returns with the subsidiary benefit of supporting businesses and employment in the region.

The Fund is additionally open to investment initiatives with environmental or low carbon themes or where there is a social benefit, providing they meet the requirements set out in Section C above.

The Fund will always seek to use the ACCESS Pool in the first instance to meet its strategic investment needs, with Alternative asset solutions expected to become available within the Pool from late 2021.

5. Pooling

It is expected that the Fund's ability to carry out this Responsible Investment Policy will be enhanced through the ACCESS Pool, due to the inherent benefits of scale and improved governance and stewardship practices that will result from the collaboration.

For the investments that are held within the ACCESS ACS, the Operator, Link Fund Solutions, recognises that it has a responsibility to be an active steward and to promote good corporate governance and management of the companies within the ACCESS sub-funds.

The Fund will support the ACCESS Pool in further developing a pool level Responsible Investment Policy and associated reporting, that will enable all partner Funds to meet their strategic requirements with regards to ESG/Responsible Investment.

E. MONITORING AND REPORTING PROGRESS

1. ESG integration

The Committee will receive an annual report on the degree to which the Fund's investment managers integrate ESG within their investment practises and how they compare to peers. In addition, ongoing ESG developments will be monitored through performance reporting. Where managers are lagging behind their peers (or the expectations of this Policy) engagement will be undertaken with the manager to encourage them to improve.

2. Stewardship - voting and engagement activities of the equity managers for their holdings.

All investment managers are expected to report on their voting activity on a regular basis, with ACCESS Pool managers required to report on a monthly basis.

The Fund publishes on its web pages [a quarterly summary of the proxy voting](#) undertaken on the Fund's behalf, a wider annual review of the investment arrangements via the Report and Accounts and provides member communications as and when appropriate.

Regarding engagement, the Fund receives regular reporting covering the dialogue between investment managers provided by the ACCESS ACS with companies to encourage best practice in key areas.

Where managers are lagging behind their peers (or expectations of this policy) on voting and engagement activity, engagement will be undertaken with the manager to explain their performance and encourage them to improve.

In addition, the Fund is a member of the Local Authority Pension Fund Forum ("LAPFF") which aims to protect the long-term investment interests of LGPS beneficiaries by promoting the highest standards of corporate governance and corporate responsibility amongst investee companies through active engagement with management. Further details can be found on the [LAPFF website](#). The Fund receives regular email updates and a quarterly report from LAPFF on engagement activity including the nature and outcomes from those engagement activities.

3. Climate change

The Fund is committed to developing its reporting in this area, including with regards to carbon-footprinting (for example, carbon intensity, fossil fuel reserves and potential emissions) and scenario analysis.

The reporting of carbon exposures in investment portfolios is a relatively new development and as such not all investment managers provide data on a comparable basis. The ACCESS Pool provides a basic report on sub-funds held in the ACCESS ACS but complete data is not yet available. ACCESS are currently developing their reporting requirements in this area and the Fund is actively supporting this development in order that the requirements of this Responsible Investment Policy can be met.

The Fund will also be developing an approach to assessing climate change scenario analysis in order to understand the climate impact on return at the total Fund and asset class level across different warming scenarios and help the Fund to further its decision-making.

The Fund is working with advisers to produce its first report that complies with the TCFD reporting recommendations that will be mandatory for large private sector funds from 2021 and are expected to become mandatory for LGPS Funds in the coming years.

4. Thematic sustainable investments opportunities

The Fund's investments in thematic investments will be reported in the Fund's Annual Report.

Reporting will be developed as appropriate to measure progress against the sustainable objectives of each investment.

5. Pooling

Pool level reporting will be provided to facilitate the Fund and ACCESS Pool's monitoring of the ACCESS sub-fund managers and Alternative asset managers, as and when the pool Alternatives solution is implemented. The Fund is committed to working with ACCESS pool partner funds to further develop pool level reporting and to facilitate the Fund's RI reporting on its total assets including those not held in the pool.

For and on behalf of Cambridgeshire County Council Pension Fund Committee

Public Questions to be presented under item 3 at the Pension Fund Committee meeting on Monday 13th December.

1. Question from Cambridge City Councillor Hannah Copley:

Dear Chair (Cllr Alison Whelan) and members of this Committee can I draw to your attention the following:

- In 2020 Bath & North East Somerset Pension Fund Committee looked at climate change modelling work undertaken by the Fund as part of the 2019/20 investment strategy review leading to a series of climate change objectives and asset allocation changes
- In July 2020 Calderdale Council's Cabinet agreed requested the West Yorkshire Pension Fund disinvests from fossil fuel companies.
- In September 2020 the Cheshire Pension Fund became one of the first in the country to report on the carbon footprint of its £6 billion investment portfolio.
- From Devon County Council "The Devon Pension Fund believes climate change poses significant risks to global financial stability and could thereby create climate-related financial risks to the Fund's investments, unless action is taken to mitigate these risks."
- For the East Riding (Yorkshire) Pension Fund the Committee recognises the significance and importance of Climate Change and the Fund's Investment Strategy Statement and Responsible Investment Policy cover the extent to which social, environmental, and ethical considerations including climate change are taken into account in the selection, retention and realisation of investments.
- Glasgow has asked the pension fund committee to formally commit to ending fossil fuel investment before the city hosts the major climate change conference, COP26.
- The Greater Manchester Pension Fund "are committed to reducing the environmental impact that our investments have. We aim for all our investments to have net zero carbon emissions ... in line with the Paris agreement on climate change."
- Islington Council decided to decarbonise their Pension Fund's investments by 2022, by reducing the fund's exposure to carbon emissions and reducing the fund's equities exposure to fossil fuel reserves.
- The South Yorkshire Pensions Authority reviewed its responsible investment and climate change policies at a meeting last week, in which it set a goal to become carbon neutral ... It called on the Authority's officers to come up with an action plan within six months.
- Waltham Council's decision to divest from fossil fuels helps tackle climate emergency and create a better environment.
- NEST is a public corporation. It is accountable to Parliament through the Department for Work and Pensions and is the largest pension scheme in the UK by membership with 9 million savers. It has a Climate Change policy to decarbonise its investment portfolio. Nest's CIO: "No-one wants to save throughout their life to retire into a world devastated by climate change"

A recent Chatham House Climate Risk Assessment Report from September 2021 stated that

“The world is dangerously off track to meet the Paris Agreement goals. The risks are compounding. Without immediate action the impacts will be devastating in the coming decades”. It is clear that business as usual is failing us. At every stage as individuals, communities, organisations and as members of local government we need to be doing absolutely everything within our power to rapidly decarbonise as part of a fair transition. As a society, we are suffering from the effects of the Coronavirus pandemic whilst in the background fossil fuel companies are orchestrating a mass greenwash exercise whilst simultaneously attempting to extract as much short term profit from our planet for as long as possible. The International Energy Agency says we can’t have any new oil, gas or coal development, yet fossil fuel companies are spending tiny fractions of their investing in renewables as compared to new oil and gas investments.

I cite the following three main reasons for divestment. Firstly, I put to you that divestment is a moral imperative. Secondly, I put to you that divestment promotes necessary societal and political change in the face of widespread greenwashing and lack of proportional change in behaviour from fossil fuel companies. Shareholder engagement with fossil fuel companies has not, and will not, lead to change on the scale and in the timeframe necessary. Finally, I put to you that investments in fossil fuel companies make poor financial sense. Overall, continuing to hold these investments in the fossil fuel industry is failing those alive now and future generations by not doing everything within the power of the committee to encourage the necessary social and political change both from fossil fuel companies and from wider society.

Will members of the Pension Fund Committee agree to support full divestment of the pension fund Fossil Fuel industry in order to send a strong signal to the fossil fuel industry and residents of the county of their commitment to climate action and their willingness to make a stand against the widespread greenwashing?

2. Question from Mr Jethro Gauld, Co-Chair of the East Cambridgeshire Climate Action Network:

Some of the big fossil fuel majors are recognising that the writing is on the wall for oil, coal and gas. Last year, [BP announced a £14billion asset write-down](#) acknowledging a shift towards renewable energy. There is a real risk of remaining invested in assets that will become *stranded assets*; the ownership of oil reserves that will now have to remain in the ground. [In 2015, UK local authority pension funds lost nearly £700million](#) when the market for coal collapsed. [Mark Carney, the governor of the Bank of England, issued a blunt warning in 2015](#) that investors, like pension funds faced “*potentially huge*” losses as action on climate change could make vast reserves of oil, coal and gas “*literally un-burnable*”. Other companies have show how the transition to clean energy can create new business opportunities and support high skilled jobs in the process. In just over a decade, the Danish energy company [Ørsted](#) has shifted from a predominantly coal based energy business to being a world leader in renewables particularly offshore wind, creating a multi-billion dollar business in the process.

This Council has declared a climate and ecological emergency. We now know Investments in fossil fuels are not only harmful to the environment but also put the sustainable future of pensions at risk. Other pension funds such as [Oxfordshire](#) and [Cardiff](#) have already committed to fossil fuel divestment.

Will the pension fund committee commit to full divestment of the pension fund from investments with exposure to fossil fuels and set a date for this to be completed by?

3. Burwell Environmental Group endorse the comments made by the East Cambridgeshire Climate Action Network

4. Question from Ms Lara Davenport-Ray:

On November 24, the Combined Authority Board resolved to implement the recommendations of the Independent Commission on Climate. The Commission's second recommendation states that climate change assessments should be undertaken for all decisions.

The management of Combined Authority staff pensions is overseen by this committee.

Given the Combined Authority Board's resolution to reduce the creation of carbon emissions, how can continued investment in fossil fuels, on behalf of Combined Authority employees, be acceptable?

5. Question from Ms Danette O'Hara:

As a pension fund member, I find continued investment in fossil fuels both morally untenable and financially imprudent.

As has been stated to me in previous correspondence, this committee considers a general policy of engagement over blanket divestment from fossil fuels.

What actions have this board undertaken with regards to engagement? Has this committee approached every organisation they hold investments with that is directly and indirectly involved with fossil fuels and, if not, which organisations have been excluded and why?

What was the intended outcome of the actions, how has the success of this engagement been measured and, by your criteria, has it been successful?

6. Mr Stuart Middleton, Chair, Peterborough in Transition:

The financial argument to divest is becoming increasingly salient. Fossil fuel divestment is a practical, legal and responsible way for pension funds to respond to the climate crisis and address the financial risk caused by continuing to invest in stranded assets.

Nationally, at least 6 local councils, 86 universities and the UK's biggest pension fund (NEST) have all committed to divest, not to mention countless respected institutions across the globe, including the cities of San Francisco and Oslo, as well as New York State. Recent analysis found that local government pension funds had suffered a £2 billion hit to oil investments since 2017. As the value of fossil fuels continues to decline, continuing to invest public money in this failing industry is becoming financially riskier and the imperative to divest from fossil fuels is ever more urgent.

Further, in the face of extraordinary economic challenges ahead, we need to reset and create a new economy that places the health of us all above the wealth of a few. Local councils must play a part in this by moving the money they manage out of fossil fuels and into socially useful investments in the local economy.

On behalf of Peterborough in Transition I ask what steps this committee is taking to end fossil fuel investments and invest in a green and equitable recovery for Cambridgeshire and Peterborough?

7. Question from Cambridge Friends of the Earth

Given the numerous statements made by the Councils making up the Combined Authority, regarding the steps they taking to mitigate Climate Change, how can it justify maintaining investments in the fossil fuel industry? Given the continued investment in the fossil fuel industry by the Combined Authority's Pension Fund, why should we believe any statements made by them regarding their proposed Climate Change mitigation measures?

Statement by Head of Pensions read at Pension Fund Committee 13 December 2021

The Pensions Committee are today considering a revised Responsible Investment (RI) Policy that is the culmination of over a year of deliberation and has been subject to consultation with each scheme employer in the Fund and tens of thousands of scheme members.

The proposed RI Policy is suitably ambitious, lending support to the Paris Agreement, support for a 'just transition' to a low carbon economy that ensures fair treatment for employees and communities that would otherwise bear the brunt of industrial change and includes the setting of a net zero target. The Policy would lead to significant decarbonisation of the Fund and significant improvements in climate and stewardship reporting. The Fund is taking a lead role in working alongside other Funds in the ACCESS Pool, where the majority of the Fund's assets are held, to ensure these RI ambitions can be met.

In early 2022 the Committee is expected to be finalising plans to decarbonise the Fund's portfolio. The intention is for these plans to be fully aligned to an appropriate transition pathway and to have clearly expressed carbon reduction targets as milestones.

The Committee's fiduciary responsibility means that the primary purpose of such action is to manage the climate and carbon risk within the Fund's holdings. However, the Committee believes that keeping a global temperature rise this century to well below 2°C relative to pre-industrial levels is entirely consistent with securing strong financial returns.

The Committee's approach is one of engagement over blanket divestment of any sector or region. This is entirely consistent with the Paris Agreement and a 'just transition', as even the most ambitious transition pathways require a fuel mix that includes oil and gas decades into the future.

The Fund expects each of its investment managers to appropriately manage environmental, social and governance risks alongside financial risks, and constructively engage with investee companies on any issues identified. Should these issues not be addressed satisfactorily, selling or divesting from the individual stock remains an option.

Cambridgeshire Pension Fund Board Agenda Plan

Agenda Item: 15

Meeting date	Agenda item	Lead officer	DS Deadline for draft reports	Agenda despatch date
28/01/22	Minutes 05/11/2021 and Action Log	R Leighton	13/01/22	21/01/22
	Administration Report [standing item]	J Kent		
	Risk Monitoring [standing item]	M Oakensen		
	Business Plan Update [standing item]	M Whitby		
	Governance and Compliance Report [standing item]	J Kent		
	Cambridgeshire Pension Fund Engagement [review]	C Blose		
	Business Continuity Plan [review]	M Whitby		
	Internal Audit Report [for information]	M Whitby		
	Investment Strategy Statement [post scrutiny]	M Whitby		
	Cyber Resilience exempt	J Kent		
	ACCESS Update exempt	M Whitby		
	Pension Committee Minutes	R Leighton		
29/4/2022	Minutes 28/1/2021 and Action Log	R Leighton		
	Administration Report [standing item]	J Kent		
	Risk Monitoring [standing item]	M Oakensen		
	Business Plan Update [standing item]	M Whitby		
	Governance and Compliance Report [standing item]	J Kent		

Meeting date	Agenda item	Lead officer	DS Deadline for draft reports	Agenda despatch date
	Anti-Fraud and Corruption Policy [pre scrutiny]	M Oakensen		
	Data Improvement Policy & Plan	J Kent		
	Code of Practice Action Plan [review]	J Kent		
	Effectiveness Review of the Pension Fund Board [review]	M Oakensen		
	Risk Strategy [pre scrutiny]	J Kent		
	Pension Committee Minutes	R Leighton		