

CAMBRIDGESHIRE PENSION FUND BOARD



Date: Friday, 05 July 2019

Democratic and Members' Services

Fiona McMillan
Monitoring Officer

10:00hr

Shire Hall
Castle Hill
Cambridge
CB3 0AP

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

AGENDA

Open to Public and Press

1. a) Election of Chairman/woman
b) Election of Vice-Chairman/woman
2. Apologies for absence and declarations of interest
Guidance on declaring interests is available at
<http://tinyurl.com/ccc-conduct-code>
3. Minutes of the Cambridgeshire Pension Fund Board held 3rd May 2019 **5 - 28**
4. Public minutes of the Pension Fund Committee held 13th June 2019 **29 - 36**
5. Administration Performance Report **37 - 46**
6. Governance and Compliance Report **47 - 54**
7. Risk Monitoring **55 - 68**

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|------------|---|------------------|
| 8. | Monitoring and Managing Outsourced Providers
<i>- verbal report</i> | |
| 9. | ACCESS Asset Pooling Update | 69 - 76 |
| 10. | Pension Fund Committee reports (13th June 2019) | 77 - 112 |
| 11. | Cambridgeshire Pension Fund Board Annual Report 2018-19 | 113 - 132 |
| 12. | Forward Agenda Plan | 133 - 136 |
| 13. | Date of Next Meeting | |

The Cambridgeshire Pension Fund Board comprises the following members:

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

Mr Barry O'Sullivan Councillor Denis Payne and Mr John Stokes and Councillor Elisa Meschini

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

Clerk Name: Rob Sanderson

Clerk Telephone: 01223 699181

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LOCAL PENSION BOARD

MINUTES OF THE CAMBRIDGESHIRE LOCAL PENSION BOARD

Friday 3rd May 2019

Members of the Board in attendance:

Employer Representatives – County Councillors E Meschini, S King (Chairman) and Parish Councillor D Payne

Scheme Member Representatives - D Brooks (Vice Chairman) and J Stokes

Apologies: B O'Sullivan.

Officers in attendance:

M Oakensen - Governance Officer

C Blose – Employer Services and Systems Manager

R Sanderson - Democratic Services Officer

J Walton - Governance and Regulations Manager

M Whitby - Head of Pensions

Time: 10.35 am to 12.45 pm

Place: KV Room, Shire Hall, Cambridge

83. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

ACTION BY

Apologies for absence were received from Barry O'Sullivan.

David Brooks and John Stokes declared a personal interest in agenda item 16 titled 'Re-appointments to Board'.

84. MINUTES OF THE PENSIONS FUND BOARD 15TH FEBRUARY 2019

The minutes of the meeting of 15th February 2019 were approved as a correct record and were signed by the Chairman.

85. MINUTES ACTION LOG

- Minute 69 Access Asset Pooling Update – the action had been for the Board to receive the letter to be sent from the Chairman of the Joint Committee to the Scheme Advisory Board outlining the Joint Committee's concern regarding extending the membership. As an update it was explained that the Government guidance on Access membership had been delayed and so until this had been clarified, no response could be sent, so the action was still ongoing. **ACTION:** Mark Whitby

Mark Whitby

- Minute 80 Access Pooling Update – the final response on the
- Ministry of Housing and Communities and Local Government consultation was included as Appendix C of the confidential Access Pooling Update report included as Item 19 on the agenda and was therefore now an action completed.

The Minute Action Log was noted.

86. MINUTES PENSION FUND COMMITTEE 28TH MARCH 2019

These were provided for the Board for information. The Minutes were noted with Councillor Payne highlighting that currently the minutes were incorrect as he was present rather than David Brooks. The latter also orally confirming that he had not been in attendance.

Democratic Services undertook to amend it so that a revised version was presented to the June Committee. **ACTION**

**Rob
Sanders-
on**

87. REVIEW OF THE EFFECTIVENESS OF THE PENSION BOARD

The need to regularly review the effectiveness of the Pension Board was considered good governance and was undertaken as an annual exercise. In respect of the actions taken against the areas for improvement identified for the previous review (2017/2018), these were set out in Appendix 2 of the report.

In terms of the current review the six Board members were contacted in January 2019 and invited to complete the new survey by 8th February 2019 on how adequate they felt the current arrangements of the Board were, and how efficiently it was operating. The survey consisted of 22 questions with members encouraged to add extra clarity to answers provided.

Four completed questionnaires were returned with a full analysis of the results of the survey set out in Appendix 1 of the report. While this represented a 66.7% return rate, since its review in December 2018, the completion of the survey was now a mandatory feature of the Cambridgeshire Pension Fund Training Strategy. **ACTION: As only four out of the six on the Board responded, those who had not should be written too to highlight the requirement for future years' questionnaires. The e-mail for the 2019-20 questionnaire when sent out should also highlight that completion and return was now compulsory. If there was no response forthcoming following a further reminder email, officers should follow up with a phone call.**

**Michelle
Oaken-
sen (MO)**

Conclusions drawn from the Survey was that the effectiveness of the Pension Board was as a whole seen as being positive, with the majority of participants agreeing with the statements provided and with the Board having no areas of particular concern. A table in paragraph 4.2 of the officer report highlighted where improvements could be made from the comments received along with the corresponding comments / proposed actions. In relation to the third area highlighted in the above table under "I have a good understanding of the Accounts and Audit Regulations and legislative

requirements relating to internal controls and proper accounting practice” Pensions accounting and auditing standards would be the final Chartered Institute of Public Finance and Accountancy (CIPFA) module to be delivered under the CIPFA Competencies. **ACTION: As this training had not yet been provided, it was scheduled for 2019/20 and would cover both Internal and External Audit.**

**Michelle
Oaken-
sen (MO)**

It was resolved:

To note the feedback and approve the plan of action to improve the effectiveness of the Pension Board in the areas identified detailed in paragraph 4.2.

88. GOVERNANCE AND COMPLIANCE REPORT

This standard report provided:

- Information on Government Consultations affecting the Local Government Pension Scheme (LGPS) providing details on:
 - **Fair Deal – Consultation on strengthening pension protection** - The final response was included in Appendix 2 of this report.
 - **Consultation on implementation of late retirement factors** - the response drafted by Officers was attached as Appendix 3 to the report.
 - It was orally reported that since the report had been written **an Exit Cap Consultation had been received with a June / July deadline. The response, which would be the subject to prior consultation with the Board, would be provided at the October meeting**
- **Skills and knowledge opportunities.** In order to facilitate the acquisition of skills and knowledge Appendix 1 listed the main events that were deemed useful and appropriate which for the Board included:
 - 13 - 15 May 2019 PLSA (Pensions and Lifetime Savings Association) Local Authority Conference which covered investment / governance issues.
 - 26 June CIPFA (Chartered Institute of Public Finance and Accountancy) & Barnett Waddingham Local Pension Boards' Annual Full Day Event.
 - 10 – 12 July 2019 LGC Pension Fund Symposium (This was currently shown as only being for officers on the list)
 - 17th July Training Day Investment Information – it was suggested that if Board members did not attend any of the conferences they should at least attend this training day.
 - 4 – 6 December LAPFF (Local Authority Pension Fund Forum) Annual Conference
 - 18 December 2019 LGPC Fundamentals Training (Day 3/3)

M Whitby

It was indicated that Local Government Chronicle (LGC) Conference in September was not currently included on the list.

ACTION

**M
Oakensen**

- **Training Schedule should be recompiled in date order with the LGC Conference not currently included added.**
- **The revised list once updated to be sent to the Board following the meeting.**
- **Councillor King requested that the above list should be sent to his Yahoo email account rather than to his County Council e-mail address.**

It was resolved:

To note the report contents.

89. RISK MONITORING

Following previous agreement from this Board on the process of monitoring risks, the Cambridgeshire Risk Strategy and Risk Register were reviewed and approved by the Pensions Committee on 28th March 2019. This current report asked the Board to review the current risks facing the Fund as set out in Appendix 1 of the report and advise if the officer conclusions set out in paragraph 2.1 were agreed.

Officers had reviewed the Risk Register and concluded that:

- No risks had seen a change in impact or likelihood scores since the last review.
- No mitigations had needed to be added/deleted since the last review.
- Risks 6, 24 & 25 had been changed to ensure the mitigation was not worded as the risk, with details of the current and new wording set out in the table in paragraph 2.1 of the report.

It was resolved:

Having reviewed the current risks facing the Fund as set out in Appendix 1 to the report, the Board were content to agree with the officer conclusions as set out in paragraph 2.1 of the report.

90. CAMBRIDGESHIRE PENSION FUND INTERNAL AUDIT REPORT AND EXTERNAL AUDIT PLAN ENDED 31ST MARCH 2019

This report presented the Internal Audit Report and External Audit Plans as attached as appendices to the report which had been reported to the Pension Fund Committee on 28th March.

The Internal Audit Report on the Administration of the Cambridgeshire Pension Fund provided independent, objective assurance designed to add value and improve an organisation's operations. The Board was pleased to note that the Service had received the highest level of assurance in most areas (substantial for both the Control Environment and Compliance).

With regard to Internal Audit's recommendation agreed in the 2017-18 review regarding the historical payroll / Altair record reconciliation, progress had been made on the outstanding queries and the previously agreed target of completing this exercise by the end of March 2019 was still on track, based on discussions between Internal Audit and Pensions officers.

For each of the issues identified as requiring action, these had been included in an Action Plan with details of the agreed actions listed within the Management Action Plan (MAP) at pages 8 to 11 of the Internal Audit Report included at Appendix 1.

In addition to the Internal Audit Report, Ernst & Young (EY) had been appointed as Independent External Auditors and appendix 2 and 3 set out details of their Audit Plan designed to provide an audit opinion on:

- whether the financial statements of Cambridgeshire Pension Fund gave a true and fair view of the financial transactions of the Pension Fund during the year ended 31st March 2019 and the amount and disposition of the Fund's assets and liabilities as at 31st March 2019; and
- the consistency of the Pension Fund financial statements within the Pension Fund annual report with the published financial statements of Cambridgeshire County Council.

Issues highlighted orally from the External Audit Plan included:

- a risk area of focus on unusual investments in respect of the Cambridge and Counties Bank and the Cambridge Building Society. These was considered a non-routine investment for a Pension Fund as their real value would only be known when sold, therefore this required a specialist valuation leading them to class it as a significant risk.
- Planning materiality being set at £29.69 million, which represented 1% of the prior year's net assets of the Scheme available to fund benefits.

A query was raised regarding who audited the ACCESS Assets as this was another layer of accounts. As a definitive answer could not be provided in response at the meeting **ACTION: Officers undertook to write to the Board outside of the meeting to confirm who was auditing the ACCESS Asset / accounts.**

**M
Whitby**

As ACCESS was a complex area and the governance arrangements were a continued concern for the Board **ACTION: There was a request to schedule a report to a future meeting setting out:**

- **Cost and Benefits and possible risks of the pooling arrangements, including the savings that had been achieved from moving to a pooling arrangement compared to what could have been expected if the Fund had remained as a stand-alone fund**

**M
Whitby**

- **Details of the finance and governance.**

It was resolved;

- a) To note the report.
- b) To add to the Agenda Plan the new report request.

**MO /
Democra-
tic
Services**

91. INVESTMENT AND FUND ACCOUNTING REPORTS PRESENTED TO THE PENSION FUND COMMITTEE

The purpose of this report was to inform the Local Pension Board of reports presented to the Pension Fund Committee on the 28th March 2019 with respect to Investment and Fund Accounting matters and provided details of the Cash Management Strategy and the Investment Strategy.

Key issues highlighted included:

- That in respect of the Cash Management Strategy money mainly came from contributions.
- There was now a move away from equities / bonds to private equities with defined lives.
- An explanation of the Custodian, Northern Trust, which was a function which sat separately from Investment Managers holding assets for certain types of accounts. As more detail was required by the Board and as the Committee had received a report on the functions of the Custodian. **ACTION: Request for the same Committee report to be sent out to the Board.**
- The Table in paragraph 3.1 on Page 165 of the Investment Strategy set out the changes arising from the revised Strategic Asset Allocation agreed by the Pensions Committee.
- The table in paragraph 4.1 on page 166 highlighted that investment in equities had reduced to 58% with Alternatives up to 30% with property, including balanced infrastructure funds, making up 10% for this category. The table in 3.4 on the previous page 165 showed that even by reducing equities, the actual return and risk metrics were similar.
- Page 175 illustrated the Fund's target Investment Strategy by the different asset classes and highlighted the significant reduction in equities exposure for the Fund.
- The graph on page 176 illustrating the linkage of the Asset allocation to the key investment risk factors would be shared with employers at a forthcoming event.

**MO /
RVS**

In discussion:

- Page 161 second paragraph regarding the reference to payroll, the payments date and when pensions were paid, it was explained that all contributions were required by the 19th of the month following the month of deduction. One Member of the Board highlighted that Pensioner members received their payments on the last day of the month so the date shown in the paragraph was an error. **Action:**

**MO to
inform**

Paragraph text to be re-worded for clarity and any incorrect date changed.

Richard Perry

- On a query regarding the Investment Strategy pages 179-188 - it was confirmed that showing the track changes had been deliberate in response to previous Committee member requests in order to show the changes that had been made.

It was resolved:

To note the reports presented to the Pension Fund Committee on the 28th March 2019 in respect of:

- a) The Cash Investment Strategy
- b) The Investment Strategy

92. ADMINISTRATION PERFORMANCE REPORT

This report had the following sections:

Administration Reporting

Variances against the forecast of investments and administration expenses – the tables in appendix 1 provide an update of the Fund account, investment and administration income and expenditure against the cash flow projection outlined in the Annual Business Plan as agreed by the Pension Fund Committee in March 2018.

Key Performance Indicators – LGSS Pensions

The Pension Fund Committee previously agreed a set of key performance indicators (KPIs) to assess the performance of LGSS Pensions. For the period 1st January to 31st March 2019 the Fund has met all targets. The detail surrounding the performance of the service was detailed in **Appendix 2**.

Receipt of Employee and Employer Contributions

The table in appendix 3 showed 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 March 2018 to 28 February 2019. Details of late paying employers for December 2018, January and February 2019 were set out in the confidential appendix 4 of the report.

The following included under 2.4, 2.5 and 2.6 were new sections to the report.

Breaches of the Law

No Breaches Material or non-material had been identified for the period March – April 2019 (this excluded late payment of contributions as these were covered in appendix 3 and 4 of the report).

Internal Dispute Resolution Procedure (IDRP)

Cases within the IDRP process during 2018/19 were set out in the tables in section 2.5 of the report in respect of:

- Stage 1 disputes
- Stage 2 disputes
- Disputes escalated to the Pensions Ombudsman.

Employers Admissions and Cessations

This had been included in order to provide the same information as that received by the Pension Fund Committee. A question was raised regarding whether there was any criteria for refusing admissions. It was explained that any that were not deemed appropriate would be filtered out before they came to Committee. Community bodies / some charities were the only bodies where there might be a refusal if they did not meet the required financial conditions, or refused to sign up to them.

An issue highlighted in discussion was in respect of Page 194 – Some of the figures in the table titled - ‘Variances against the forecast of investments and administrative expenses – based on the original setting of assumptions’ - did not add up. It was explained that currently the numbers were still changing and the final, corrected version would be included as part of the Accounts and. **ACTION: Officer agreed to look at these again and ensure they were rectified for the next meeting.**

MO

The report was noted.

93. DATA IMPROVEMENT PLAN PROGRESS REPORT

The Data Improvement Policy and Data Improvement Plan were established to demonstrate to the Pensions Regulator that the Fund reviewed the quality of its data and had an ongoing approach to ensuring appropriate processes were in place to consistently hold accurate data. This report presented progress against the Pension Fund Data Improvement Plan with a new layout which highlighted any financial impact areas.

A summary of the items on the Data Improvement Plan were set out in Appendix 1 to the report with paragraph 2.1 detailing in a table the activities on the Data Improvement Plan that were currently in progress. More detail on ‘Pensioner Payroll vs Pensions Administration reconciliation and rectification’ was set out in paragraph 2.4. Progress on the resolution of unprocessed leaver records project was set out in section 2.3 of the report.

Issues raised included:

- Page 202 - whether on item 3 'Resolution of Common data fails identified in the 2018 Data Audit' the progress to date stating 9.59 % of common data errors had been resolved was a typo as it seemed a small number. It was explained it was accurate as it was a massive area of work that was ongoing.
- Page 202 - Item 5 Resolution of unprocessed leaver records – whether the timescale for completion was realistic. While it might require to be ongoing, there was the expectation that major progress would be made with regard to clearing common data issues.
- The Chairman suggested that while the new layout was an improvement, it would be helpful if in the table the timescale column could be expanded to provide perhaps two interim milestone targets as currently the target dates appeared to look as if they were being set up to fail. **ACTION: Officers to look further at the target set and whether milestones could be included**

**Jo
Walton**

It was resolved:

To note the Data Improvement Plan Progress Report.

94. PENSION FUND ANNUAL BUSINESS PLAN UPDATE REPORT 2018-19

Good governance requires that updates to the pre-agreed Annual Business Plan and Medium Term Strategy are provided to the Pension Fund Committee and the Board on a regular basis. This update highlighted the progress made on the key activities for the period up to 31st March 2019 of the 2018/19 Business Plan approved by the Pension Fund Committee on 28th March 2018. A full list of the key fund activities for the 2018/19 financial year was set out in appendix 1 of the report.

The Board congratulated the officers on the good progress being made against the targets as detailed in the report.

It was resolved:

To note the Pension Fund Business Plan Update for the period ending 31st March 2019 of the 2018/19 financial year.

95. PENSION FUND ANNUAL BUSINESS PLAN AND MEDIUM TERM STRATEGY 2018-19 TO 2021-22

This report presented the Annual Business Plan and Medium-Term Strategy as agreed by the Pension Fund Committee at their meeting on 28th March detailing the Fund's key areas of activity over the period 2018/19 to 2021/22.

The Business Plan and Medium-Term Strategy concentrated on activities that were not considered to be business as usual, identifying key milestones and budget requirements and was split into the following core areas:

- Service delivery
- Governance and compliance

- Communications, systems and employer management
- Operations
- Investments and fund accountancy

Issues raised:

- Page 247 Key action IA10 - Consider multi fund investment strategies
- One member suggested that this sounded like a great deal of additional work and enquired regarding the potential cost. It was explained that HEAT undertook the monthly tracking of scheme employer assets in terms of their asset share. As more detail on this was considered helpful, **ACTION: It was agreed to share HEAT slides with the Board to help explain the three investment strategies that made up the Multi Fund Investment Strategy.**
- There was a query whether signing up to the 'Responsible Investment Stewardship Code' could result in conflicts of interest with existing investment strategies. It was explained that every Investment Manager had a different investment strategy with some excluding for example investments in Tobacco or oil. All took a high level approach to responsible investments.
- As there was a lot of work under the 'Business as Usual' heading a question was raised on whether this could have project management issues. In reply it was explained that Jo Walton had undertaken a PRINCE2 course to help improve her project management skills. The expectation was that the work programme was achievable within existing resources.
- Cash flow projection 2018-19 to 2020-21 Tables - Page 233 -234 -
One member highlighted the massive increase in investment expenses (20% - £5.4 million to £6.5m) which did not correspond to the same level of increase in the income projections shown. It was explained that some investments were capital, where capital appreciation of the asset on the balance sheet was the aim of the investment, as opposed to an income return. These were, by their nature, impossible to forecast accurately going forward. The Chairman agreed that there needed to be some correlation between an increase in fees and an increase in asset values. Currently this was not shown in the information provided. **ACTION Officers agreed to ensure that future reports would provide an explanation between the fees paid to managers and their relationship to asset growth. The calculations used for the fees shown in the current report to be circulated outside of the meeting.**

Cory
Blose

Mark
Whitby

It was resolved:

To note the Business Plan and Medium Term Strategy.

96. **CAMBRIDGESHIRE PENSION BOARD EFFECTIVESS REVIEW ACTIONS**

In addition to the annual self-review, Aon, the Fund's Governance Advisers, were commissioned to conduct an impartial review to establish, whether based on their observations, the Pension Fund Board was fulfilling its role to support the respective Administering Authority in meeting its regulatory requirements and the report and proposed action from what was a very positive review were reported to the Board's February meeting.

The table in Appendix 1 of the current report outlined the proposed key actions to be taken against all neutral findings as detailed in section 2 to help improve the effectiveness of the Board moving forward. The Board was asked to consider the proposed actions and timescales for completion and agree the action plan. A progress report would then be brought back at the end of the financial year to demonstrate achievement against each action.

Particularly highlighted from page 259 when referring to the appendix was the section on 'Assessing the Knowledge and Skills of the Board' and under the sub heading 'Clearly articulated knowledge and skills in line with Fund Policy' that the training records should be published going forward for openness and transparency. It was explained that the training undertaken by Board members and attendance of Board members at meetings was published in the Annual Report and Statement of Accounts. However If members felt this was not sufficient, training and attendance could also be published on the LGSS Website on a 6 monthly basis. In discussion as this would be additional work and as it was confirmed that no member of the Pension Scheme had up to now asked for details of Board Member training, it was considered that an annual report was sufficient.

With regard to the recommendation to include the quorum in the terms of reference and to have them in one place in the Constitution, one member echoed that he also had never been comfortable as to how it was currently laid out. (with a separate part included under the Council's Committee procedure rules). It was confirmed that this was to be actioned. **ACTION: Democratic Services to review the terms of reference and the delegated authorities so that all Pension related Committee functions are included in one place.**

Other issues highlighted in discussion included:

- As the agendas for the meetings were increasing in size, especially now that Board was receiving reports that had been submitted to the Committee, there was a need to review future agendas to ensure the Board were making the best use of its time. This might include sub-dividing the agenda into:
 - decision items,
 - Noting items,
 - Information Reports – reports that had already been submitted to the Committee. **ACTION**

MO

- To hold Board training on other days rather than at the beginning or end of a meeting as the training undertaken before the current meeting, estimated for 15 minutes, had lasted over half an hour resulting in the formal, public meeting starting after 10.30 a.m. rather than the advertised start time of 10.15 a.m.

It was resolved to:

To approve the action plan in Appendix 1 of the report.

97. VALUATION OF THE PENSION FUND

The Pension Fund was subject to an actuarial valuation every three years. The latest valuation was to be carried out throughout the 2019/20 scheme year, culminating with the publishing of the valuation report and rates and adjustments certificate by 31 March 2020. The report provided an update on progress of some of the key activities of the valuation.

Issues highlighted included:

- At its March meeting, the Pension Fund Committee agreeing the following key financial assumptions to be used for the valuation:
 - future salary growth of active members - a short term assumption of 2% until 2020 and a longer term assumption that salaries would increase by the Retail Price Index (RPI) less 0.2% thereafter.; and
 - an asset outperformance assumption of 1.8%, the proportion by which it was expected investment returns would outperform returns on government gilts.
- A communication was sent to employers at the end of April providing a high level overview of the valuation including key timelines. An employer forum which would include details on the valuation was to be held on 17th May 2019.
- Paragraph 3.2 set out the progress regarding the contribution rates to be made by large scheduled bodies. Officers had discussed the results of their modelling for setting contribution rates with the Actuary in April and would be holding a briefing for the Chief Financial Officers of the relevant employers at the employer forum.
- Ill Health Pooling - Of the two options detailed in section 3.3 Option B – namely ‘Reimbursing each employer for any strain costs and deducting the required level of assets from all other employers, after the event, using Hymans Employer Asset Tracker (HEAT)’ was chosen as this involved no additional work by officers, over and above what would be required by option A and was significantly less expensive at approximately half the costs.

In discussion making reference to section 6 on Risk management and the table under 6.2 setting out the risks associated with failing to be involved in the process and making required decisions, the Chairman highlighted that

the second column title 'Risk Mitigated' was misleading as the text descriptions related to the risk and not the mitigation to be undertaken.

It was resolved:

To note the Valuation update.

98. RE-APPOINTMENTS TO THE BOARD

This report had been drafted in respect of the need to recommend appointments to be made to the Board for the three member representative places as their current four year terms of office were due to expire later in the year.

Appendix 1 to the report set out the relevant extract from the regulations in respect of Board Membership. In terms of final approval by the administering authority, this would be a decision to be made by the County Council's Monitoring Officer.

The three current Board member representatives had all expressed an interest in continuing to be a member on the Board. This being the case and taking account the considerable amount of training undertaken by the three members and the difficulty of finding people with a similar level of knowledge, as there appeared to be no legal reason to prevent their re-appointment, it was proposed that the Board recommend to the Monitoring Officer that all three were re-appointed for a further four year term.

In discussion it was highlighted that:

- the report used two different terms to describe the three appointments, namely employee representatives and scheme member representatives and in future there should be a consistent approach using the term set out in the regulations e.g. Scheme Member representative.
- that officers needed to consider the future succession arrangements as there could not be an expectation that the three re-appointments would wish to serve for a further four year term after 2023 and unless arrangements were undertaken in good time, there might be a position where the Board was not able to function for a period if the full membership was not achieved. It was suggested officers might wish to look in the future of whether it was possible to appoint by thirds.

ACTION: Democratic Services to consider this further.

**Rob
Sander-
son/
Michelle
Rowe**

It was resolved:

to recommend to the Monitoring Officer the re-appointment of the following Member representatives:

- a) Barry O'Sullivan for a further 4 year term running to the end of July 2023.
- b) John Stokes for a further 4 year term running to the end of July 2023.
- c) David Brooks for a further 4 year term running to the end of October

2023.

99. AGENDA PLAN

The Agenda Plan was noted with it being confirmed that the Actuarial Valuation Report would be submitted to the October meeting. *(Note: It had a question mark next to the entry)*

100. EXCLUSION OF PRESS AND PUBLIC

It was resolved to:

Exclude the press and public from the meeting for the following items of business on the grounds that they contained exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, 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)).

101. ACCESS ASSET POOLING UPDATE

This report updated the Board on ACCESS Asset Pooling and key issues from the meeting of the ACCESS Joint Committee held on 10th December.

With reference to paragraph 2.9 and the progress on the creation of an ACCESS Support Unit an oral update highlighted that while the Contract Manager and Support Unit had been set up, the Programme Director post was still vacant. The recruitment process had identified a good candidate, however they had subsequently withdrawn their application for personal reasons. Options now being considered included backfilling the post from existing staff within one of the Funds.

In discussion David Brooks expressed his concern at the increase in the total costs in the table on page 288 from £1.1 m to £1.4m. It was explained that this related to the extra governance activity required by the section 151 officers and was the costs associated with the need to seek additional professional legal advice.

It was resolved to note:

- 1 the asset pooling update;
- 2 the exempt minutes attached to the confidential report from the ACCESS Joint Committee meeting of the 10th December 2018.

102. DATE OF NEXT MEETING – FRIDAY 5th JULY 2019

Chairman
5th July 2019

This log captures the actions arising from the Cambridgeshire Local Pension Board and will form an outstanding action update from meetings of the Board to update Members on the progress on compliance in delivering the necessary actions. Action log updated as at 24th June 2019.

Minute	Report Title	Action for	Action	Comments	Status	Due date
Minutes of 19th October 2018						
69.	ACCESS Asset Pooling Update	Paul Tysoe	<p>The Chairman of the Joint Committee had agreed to write to the Scheme Advisory Board outlining the Joint Committee's concerns regarding extending the membership.</p> <p>There was a query that the letter should be made available to the Board so that it could see the detail of the concerns.</p> <p>Should the letter be deemed confidential and not able to be released, the Board would require justification reasons.</p> <p>The letter from the ACCESS Joint Committee (AJC) to the Scheme Advisory Board is to set out the AJC's justification for not extending its membership.</p> <p>A copy of the letter is to be circulated to the Local Pension Board members when available.</p>	<p>The AJC agreed to defer finalising their position on this matter until the outcome of the consultation on Asset Pooling was known.</p> <p>Following Unison letters to a number of partner funds, at the AJC meeting of 11th June 2019, it was agreed to reconsider member representation at the October AJC meeting.</p>	Completed.	

Minute	Report Title	Action for	Action	Comments	Status	Due date
Minutes of 15th February 2019						
74.	Pension Fund Annual Business Plan Update Report 2018-19	Cory Blose	Member Self-Service updates to be reported back to the Board when the Communications Manager has initiated further development in this area.	The Communication Plan was approved by the Committee on 13 th June 2019, which included online pension account promotion. We will report back to the Board at the end of the financial year on progress made in this area.	Completed.	
78.	Valuation of the Pension Fund	Democratic Services	Were asked to check whether the Board currently received the papers for the Pension Fund Committee as a link.	Board members are receiving minutes by an e-mail link and will receive the Committee papers in the same way.	Completed.	

Minute	Report Title	Action for	Action	Comments	Status	Due date
Minutes of 3rd May 2019						
86.	Minutes Pension Fund Committee 28th March 2019	Democratic Services	The Minutes were noted with Councillor Payne highlighting that currently the minutes were incorrect as he was present rather than David Brooks. The latter also orally confirming that he had not been in attendance.		Completed.	

Minute	Report Title	Action for	Action	Comments	Status	Due date
87.	Review of the effectiveness of the Pension Board	Michelle Oakensen	As only four out of the six Board members responded, it has been requested that two members who had not should be written to, to highlight the requirement for future year's questionnaires. The e-mail for the 2019-20 questionnaire when sent out should also highlight that completion and return was now compulsory. If there was no response forthcoming following a further reminder email, officers should follow up with a phone call.	E-mail sent to members who did not complete the survey on 5 th June 2019. Follow up e-mails/calls will be made as part of the process for future years.	Completed/Noted.	
87.	Review of the effectiveness of the Pension Board	Michelle Oakensen	The effectiveness review highlighted that members of the Board require training on having a good understanding of the Accounts and Audit Regulations and legislation requirements relating to internal controls and proper accounting practice. This training is to be provided to the Board members.	Training is being delivered on 17 th July 2019 at the Pension Information Day.	Completed.	
88.	Governance and Compliance report	Mark Whitby	An Exit Cap Consultation had been received with a June / July deadline. The response, which would be the subject to prior consultation with the Board, would be provided at the October meeting.	To include in the October Governance and Compliance Report.	Noted.	October 19

Minute	Report Title	Action for	Action	Comments	Status	Due date
88.	Governance and Compliance report	Michelle Oakensen	<p>It has been requested that the Training Schedule should be recompiled in date order with the LGC Conference not currently included added.</p> <p>The revised list once updated to be sent to the Board following the meeting.</p> <p>Councillor King requested that the above list should be sent to his Yahoo email account rather than to his County Council e-mail address.</p>	The Training Schedule 2019/2020 has been updated and an email was circulated on 29 th May 2019, to all members of the Board (including Councillor King's Yahoo email address).	Completed.	
90.	Cambridgeshire Pension Fund internal audit report and external audit plan ended 31st March 2019.	Paul Tysoe	Officers agreed to write to the Board outside of the meeting to confirm who was auditing the ACCESS Asset / accounts.	E-mail sent 10 th June 2019.	Completed.	

Minute	Report Title	Action for	Action	Comments	Status	Due date
90.	Cambridgeshire Pension Fund internal audit report and external audit plan ended 31 st March 2019.	Mark Whitby	As ACCESS was a complex area and the governance arrangements were a continued concern for the Board. There was a request to schedule a report to a future meeting setting out the cost, benefits and possible risks of the pooling arrangements, including the savings that had been achieved from moving to a pooling arrangement compared to what could have been expected if the Fund had remained as a stand-alone fund. They would also like details of the finance and governance.	This is part of the Asset Pooling Update as part of this meeting.	Completed.	
91.	Investment and Fund Accounting reports presented to the Pension Fund Committee	Mark Whitby/ Democratic Services	The Board have requested a copy of the same report that the Committee received, which was a more detailed report on the functions of the Custodian.	Report sent 14 th June 2019.	Completed.	

Minute	Report Title	Action for	Action	Comments	Status	Due date
91.	Investment and Fund Accounting reports presented to the Pension Fund Committee	Michelle Oakensen	Page 161 second paragraph regarding the reference to payroll, the payments date and when pensions were paid, it was explained that all contributions were required by the 19 th of the month with pensioners getting their payments separately after the 19 th . One Member of the Board highlighted that Pensions were received on the last day of the month so the date shown in the paragraph was an error.	Michelle to advise Richard Perry that the paragraph needs to be re-worded for clarity and any incorrect date changed.	Completed – amendment has been made to the final document.	
92.	Administration Performance Report	Michelle Oakensen	Some of the figures in the table titled - 'Variances against the forecast of investments and administrative expenses – based on the original setting of assumptions' - did not add up.	It was agreed that the figures would be looked into and rectified for the next meeting.	Noted	July 19
93.	Data Improvement Plan Progress Report	Joanne Walton	The Chairman suggested that while the new layout was an improvement, it would be helpful if in the table the timescale column could be expanded to provide perhaps two interim milestone targets as currently the target dates appeared to look as if they were being set up to fail.	look further at the target set and whether milestones could be included	Noted. Will be actioned for the October Board meeting.	October 19
95.	Pension Fund Annual Business Plan and Medium Term Strategy 2018-19 to 2021-22	Cory Blose	It was agreed to share HEAT slides with the Board to help explain the three investment strategies that make up the Multi Fund Investment Strategy.	E-mail sent to members 5 th June 2019.	Completed	

Minute	Report Title	Action for	Action	Comments	Status	Due date
95.	Pension Fund Annual Business Plan and Medium Term Strategy 2018-19 to 2021-22	Mark Whitby/Paul Tysoe	Officers agreed to ensure that future reports would provide an explanation between the fees paid to managers and their relationship to asset growth. The calculations used for the fees shown in the current report to be circulated outside of the meeting.	Circulated via e-mail on 24 th June 2019.	Completed.	
96.	Cambridgeshire Pension Board Effectiveness Review Actions	Democratic Service	Democratic Services to review the terms of reference and the delegated authorities so that all Pension related Committee functions are included in one place.	Democratic Services liaising with Pension Officers. Aiming to provide revised terms to the Board for the October meeting.	Ongoing.	Oct 19
96.	Cambridgeshire Pension Board Effectiveness Review Actions	Michelle Oakensen	As the agendas for the meetings are increasing in size the Board have requested that future agendas are reviewed to ensure that the Board are making the best use of its time. This might include sub-dividing the agenda into; Decision items, Noting items and Information Reports – reports that had already been submitted to the Committee.		Completed.	July 19

Minute	Report Title	Action for	Action	Comments	Status	Due date
96.	Cambridgeshire Pension Board Effectiveness Review Actions	Michelle Oakensen	To hold Board training on other days rather than at the beginning or end of a meeting as the training undertaken before the current meeting, estimated for 15 minutes, had lasted over half an hour resulting in the formal, public meeting starting after 10.30 a.m. rather than the advertised start time of 10.15 a.m.	There may be the need to incorporate training with meetings, however, it has been noted to only do this on shorter agenda's and to ensure they run to time.	Noted.	
98.	Re-Appointments to the Board	Democratic Services	It was highlighted that the report used two different terms to describe the three appointments, namely employee representatives and scheme member representatives and in future there should be a consistent approach using the term set out in the regulations e.g. Scheme Member representative.	Will be referred to as Scheme Members in the future	Noted.	

Minute	Report Title	Action for	Action	Comments	Status	Due date
98.	Re-Appointments to the Board	Democratic Services	<p>It was suggested that officers needed to consider the future succession arrangements as there could not be an expectation that the three re-appointments would wish to serve for a further four year term after 2023 and unless arrangements were undertaken in good time, there might be a position where the Board was not able to function for a period if the full membership was not achieved.</p> <p>It was suggested officers might wish to look in the future of whether it was possible to appoint by thirds.</p>		<p>Noted.</p> <p>Noted.</p>	<p>March 2020</p> <p>March 2020</p>

MINUTES OF THE PENSION FUND COMMITTEE

Date: Thursday 13th June 2019

Time: 10.00 a.m. -12.30 p.m.

Place: Kreis Viersen Room, Shire Hall, Cambridge

Present: Councillors: D Ambrose Smith (substituting for Cllr Gardener) A Hay, R Robertson T Rogers (Chairman) J Schumann and M Shellens; L Phanco, M Pink, and J Walker

Officers: C Blose, S Heywood, M Oakensen, R Sanderson, J Walton and M Whitby

Consultants: D Green Hymans Robertson LLP

Observers: Councillor S King and D Payne

Apologies: Councillors P Downes, I Gardener and D Seaton.

134. DECLARATIONS OF INTEREST

Lee Phanco declared an interest as a member of an LGPS scheme (not the Cambridgeshire Fund) and as a Director of the Cambridge Sports Hall Trust.

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

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

John Walker later in the meeting declared a personal interest (i) as a retired member of the Local Government Pension Scheme (LGPS), (ii) his daughter-in-law was a current member of the LGPS and (ii) his son was a deferred Member of the LGPS.

135. MINUTES OF THE PENSION FUND COMMITTEE MEETING HELD ON 28th MARCH 2019

The minutes of the Pension Fund Committee meeting held on 28th March 2019 were approved as a correct record and were signed by the Chairman.

Issues arising:

With reference to Minute 127 'Investment Strategy', a Member queried the resolution reading "It was resolved by a majority ... " asking why the individual Member voting record was not shown. The Democratic Services officer explained it was not County Council policy to show individual voting in a committee meeting unless a Member specifically asked at the time of the vote that the way they had voted be recorded in the minutes. In reply to whether this applied to the Pension Committee, the Chairman confirmed that the Committee would be following the same protocol.

On the same minute on page 15 on the paragraph reading: “The Committee discussed how the Fund would manage negative cash flow in future years, and also how the significant passive portfolio (approximately 40%) factored in to the Investment Strategy” Councillor Robertson requested details of the discussion. As the Democratic Services officer who attended the last meeting was not present, they would be asked to look at their notes and provide the Councillor with more detail in an e-mail outside of the meeting.
Action: Democratic Services / the Chairman agreed to ask Dawn Cave who had minuted that meeting.

136. MINUTES ACTION LOG

On item 115 stating that a draft response had been circulated to members in response to the question received from Dr Smith, an oral correction was given indicating that although a couple of drafts had been provided to Mark Whitby, the response had not yet been circulated but a final version was expected to be able to be circulated in the next two weeks.

On item 122 stating that a report on measures to automate monthly data collection would be circulated before the end of June, it was confirmed that this was still on target.

The Committee noted the Minute Action Log with the above correction.

137. GOVERNANCE AND COMPLIANCE REPORT

This report provided the Committee with updates on:

- a) Activities of the Local Government Pension Scheme Advisory Board.
- b) Information on Government Consultations affecting the Local Government Pension Scheme
- c) Skills and knowledge opportunities.

Attention was specifically drawn to the following issues:

- The pause in both Her Majesty’s (HM) Treasury and Scheme Advisory Board cost cap processes due to the uncertain outcome of the McCloud case that might see a change to transitional protection put in place when the LGPS was reformed in 2014. Paragraph 2.1.4 set out the possible outcomes.
- Paragraph 2.2.4 set out the four possible options that had been considered under the Scheme Advisory Board’s good governance review which had been the subject of consultation with stakeholders.
- Paragraph 3.3 ‘Consultation on Exit Payments Cap’ (Government consultation on plans to introduce a £95k cap on exit payments in the public sector). Paragraph 3.6 set out the details which had particular implications for those members at 55 and over being made redundant and who were currently entitled to both a redundancy payment and their strain cost of paying their pension without reductions would exceed this cap figure. Officers would be drafting a response to the consultation on behalf of the Fund and would be circulating it to the Chairman and Vice Chairman prior to submission to HM Treasury. There was a request to include in the response seeking clarification on who would be the decision maker and any decision making exemptions to be given, as it would be impractical to go back to the Treasury for a response in each particular case that could arise. **Action: Mark Whitby**

Later in the meeting the Chairman drew Committee Members attention back to pages 28-29 of the agenda regarding the list of internal and external training and events in 2019-20 and reminded them to let the officers know if they wished to participate in any events to help increase their training credits and so that the organisations could be contacted to confirm attendance.

One Member questioned the value of the credits given and whether more than two credits should be given for the larger seminars which was the case with some other organisations. The credits system had previously been agreed by the Committee and were as follows:

- 2 credits for a full day
- 4 credits for more than one day
- 1 credit for ½ day

There was a request for a review of the credits system as Councillor Robertson could not justify the amounts of time required currently to earn the necessary number of credits. Agreed that there should be a report to next meeting reviewing the credit system to ascertain whether it was still fit for purpose or required amendment. **Action: Michelle Oakensen**

There was a request that an updated list should be sent to all the Members of the Committee which included venue details **Action: Michelle Oakensen**

It was resolved:

To note the report.

138. ADMINISTRATION AND PERFORMANCE REPORT

This report provided updates in the following areas:

- Variances against the forecast of investments and administration expenses as set out in Appendix 1 of the report.
- Key Performance Indicators LGSS Pensions - as set out in Appendix 2 to the report.
- Receipt of Employee and Employer Contributions as detailed in Appendix 3 to the report.
- Details of late paying employers as detailed in the confidential Appendix 4.
- A new section - Breaches of the Law of which, there were none to report.
- Another new section for more regular reporting - Members Dispute Resolution Procedure details - including Stage 1 and Stage 2 disputes and disputes escalated to the Pension Ombudsman as set out in section 2.5 of the report.
- Large overpayments over £3k detailed in section 2.6 of the report – there was one of just over £10k which would need to be recovered and was a result of not being informed of a person's death. An invoice had been raised.

In discussion:

- On the disputes statistics in paragraphs 2.5.3 (Stage1) 2.5. 4. (Stage 2) and 2.5.5 (Stage 3 – the Ombudsman) asking what were the timescales? Stage 1 the timescale for a response was two months, Stage 2 involved the Monitoring Officer was two months and could be longer if more time was required to make an informed decision, while Stage 3, as it involved an independent investigation by the Ombudsman, had no specific timescales and one case had recently taken over a year. The figures showed there were very few cases in any of the stages.
- On the Key Performance Indicators (KPIs) officers were congratulated for all targets having been met. It was suggested by more than one Member that there was a need to review them on whether some required more challenging targets. This should be on the basis of whether it could improve the customer experience, whilst at the same time not unduly putting pressure on limited officer resources. An example highlighted being the target to notify leavers of deferred benefit entitlement within 15 working days of receiving all relevant information. The Head of Pensions confirmed that the KPIs were being reviewed but cautioned that they were already challenging to meet, as not all were a complete process, as some involved information being provided by employers. **Officers would take the comments on board with the intention of bringing back a report to Quarter 3 which would include full customer journeys. Action: Michelle Oakensen.**
- On whether details were known of Eastern Europeans leaving as a result of BREXIT and their impact on the Fund it was clarified that employers already had turnover of around 15%. Local Government reorganisation e.g. Northamptonshire County Council was seen as having a far greater impact on the administration functions of the Pension Fund than BREXIT
- Member allowances query - This had been discussed with Democratic Services and going forward there would be more independence on how these would be paid.

It was resolved:

To note the report.

139. DATA IMPROVEMENT PLAN PROGRESS REPORT

This report detailed progress made against the Pension Fund Data Improvement Plan with a summary of the full list of data activity improvements included in Appendix 1 to the report and the activities in progress set out in section 2 of the report. Highlighted as a good news update was that the 8 variance cases referred to had now been reconciled.

In discussion;

- With reference to page 54 Data reference activity 4 – Resolution of scheme specific data fails identified in the 2018 Data Audit - it was confirmed in answer to a question that extending the completion of this work for a year was not an issue as the Pensions Regulator would be satisfied that progress was being made. Pensioner payroll vs Pension Administration Reconciliation and Rectification - On the overpayments tables under section 2.3.3 it was suggested that it would be useful to see the financial details to get an idea of what the highest and lowest were. It was indicated that this information would be provided in the October report. **Action: Jo Walton.** (It was also suggested by one Member that the median would be useful if looking at the

average overpayments). In reply to the question raised, the range varied between £2 and £10k and over, of which there was one of the latter, as already referred to earlier in the meeting.

It was resolved:

To note the report.

140. PENSION FUND ANNUAL BUSINESS PLAN UPDATE 2019-20

This report presented an update of the Pension Fund Business Plan.

Issues raised in debate included:

2.2.1 GC2 Procure a supplier of mortality screening and Member Tracing Services and process Results - Accurate Data Services had been awarded the contract following a further competition using the National LGPS Framework for Member Data Services. One Member suggested that regarding the intention to report on the improvements made to the quality of the Fund's data, information should also be provided on the percentage of errors. The officers intended to report back in October on the value of undertaking the exercise.

2.3 GC7 Complete the Guaranteed minimum Pension Reconciliation Project with Rectification of members records As an update it was reported that Her Majesty's Revenues and Customs Service (HMRC) had still not provided all the information required. One Member indicated that for Fund members he would wish to see errors resolved earlier rather than later, and asked what pressure could be put on HMRC. It was agreed that officers would find the appropriate methods to raise concerns with HMRC about the pace the information was being supplied. Every Pension Fund in the UK was experiencing the same problems in terms of having to complete the exercise.

2.3.1 CSEM 1 Incorporate employer covenant monitoring into the valuation cycle – Employer management was becoming one of the biggest challenges in managing the Fund. Assessing an employers' covenant (its ability to support the Pension liabilities now and in the future) was an important step in ensuring the security of the Fund. A query was raised regarding what was the expected outcome of the covenant monitoring. The intention was to provide an oversight to ensure no employer was at more risk of not being able to meet its liabilities. Further Education Colleges and small charities were currently identified as being at the most risk. A follow up question was raised regarding the McCloud case and its implications. It was reiterated that until the case was resolved and the outcome known, only could its impact be assessed for different employers and until such resolution, the Fund was required to continue with the existing benefits structure. It was confirmed in response to a query that the same transition arrangements would apply to all the types of employers.

2.3.3 CSEM4 Implement monthly data collection for all employers – there was a request for an update on the expected completion date for all employers in using the new on line data portal for monthly submissions. Different deadlines were required for different employers and the next tranche was scheduled for July. The deadline for taking on board the 80 employers referred to in the section, was August.

2.4.2 OPS2 Design a range of customer experience key performance Indicators and those key performance indicators on the next two pages where it was being indicated that they were on target, it was suggested that they should have details of the target dates of all activities in the Business Plan. The target quarter when the work was to be undertaken for Operations KPI's were included in the table in 2.4. **Action: It was agreed that in future reports the tables should all also provide target dates rather than just the quarter the work would be undertaken in. Jo Walton**

Whether if the McCloud judgement resulted in additional administration work with regards to implementing backdated changes the Pensions Service had enough staff resource to deal with the consequences. Should more resource be required officers would come back to the Committee but currently the Head of Pensions was comfortable with existing staff resources. If the final judgment was in respect of retrospective contributions, then the issues would be more for the employers.

The Chairman made reference to the compulsory Effectiveness Plan and Review Questionnaire that had been e-mailed out to all members to help gauge how effectively the Committee was operating. As only four returns had so far been received even after an extension was given, hard copies would be handed out at the end of the meeting and placed in the pigeon holes of those members who were not present, with a requirement to return them no later than 30th June.

It was resolved:

To note the Pension Fund Business Plan Update for the period ending 31st May 2019 of the 2019 /20 financial year.

141. CAMBRIDGESHIRE PENSION FUND – 2019-20 COMMUNICATION PLAN

This report presented the above Plan setting out the communications activities for the 2019-20 scheme year for Committee approval. The main change was pushing ahead with electronic communications.

As an oral update it was reported that a new Communications Officer had now been recruited

It was resolved:

To approve the Communications Plan located in Appendix 1 of the report.

142. EMPLOYER ADMISSIONS AND CESSATIONS REPORT

This report informed the Committee of the admission of four admitted bodies, one scheduled body and three cessations from the Cambridgeshire Pension Fund.

Reference was made that regarding those who joined, in most cases there was not the choice to refuse them. **There was a request that in future reports it was made clearer which of those listed admittance were ones where the Fund had no discretion.**
Action: Cory Blose

It was resolved to:

1. Note the admission of the following admitted bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreements:
 - *Caterlink*
 - *Aspens Services Limited*
 - *Edwards and Blake*
 - *ABM Catering Limited*
2. Note the admission of the following scheduled body to the Cambridgeshire Pension Fund:
 - OWN Academy Trust
2. Note the exit of the following bodies from the Cambridgeshire Pension Fund:
 - Churchill Contract Services Ltd (Thorndown Primary School)
 - SLM Ltd Everyone Active
 - Cambridge Live

143. ACCESS ASSET POOLING UPDATE

This report updated the Board on the Access Joint Committee (AJC) meeting of 18th March and developments up to the date of the report with Appendix A containing the approved Minutes of the 10th December 2018 AJC meeting and Appendix B the Business Plan and Budget Update report presented to the 18th March meeting to which an oral update indicated that the Committee had agreed it.

It was reported that the Project was progressing well with listed equities created as planned and passive now under the joint arrangements with the costs, as set out in the spend vs Budget table on page 104.

The report was noted.

144. EXCLUSION OF PRESS AND PUBLIC

It was resolved:

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

145. ACCESS ASSET POOLING UPDATE APPENDIX B (ADDITIONAL INFORMATION) AND APPENDIX C

In answer to a query it was confirmed that there had been challenge and scrutiny of the Business Plan and the increase in costs as set out in the tables in the report with updates

provided at the March meeting. There was a request that the Chairman should continue to challenge slipped timetables and budget increases.

An update was provided in respect of the Access Support Unit explaining that the contract manager and support officer were in post. In terms of the recruitment of the Director post, this had proved unsuccessful. The Joint Committee had agreed to undertake a further recruitment exercise inviting applications from officers from the Pension Funds and involving the Section 151 officers.

Regarding future representation on the Joint Committee, Unison had requested voting member representation and this and the issue of Pension Fund Board observer representation was to be considered formally at the next Joint Committee.

The Update and the Consultation response letter at Appendix C on the LGPS Statutory Guidance on Asset Pooling to the Ministry of Housing, Communities and Local Government was noted.

146. VALUATION OF THE FUND

Douglas Green of Hymans Robertson LLP, the Fund's Actuary, provided an update on current actions and an overview of the timeline moving forward.

A presentation was tabled with copies provided for all Members of the Committee present highlighting:

- an overview of the Funding Strategy Statement,
- an overview of the assessment and the results regarding the contribution rates for larger scheduled bodies in the Fund,
- An overview of results of an assessment carried out by the Actuary of the current small admitted body's pool and the designated body's pool. As their purpose, to provide protection for small employers against large funding shocks such as ill health strain costs and deaths in service, had been overtaken over time by alternative arrangements, this set out future options for them. No decisions were proposed at the current meeting as consultation required to be undertaken with affected employers, with the view to coming back for a decision at the October Committee meeting that would include the feedback views from the affected employers.

It was resolved to:

note the valuation update and presentation.

147. FORWARD AGENDA PLAN

The Committee noted the Forward Agenda Plan.

Chairman

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

Date: 5th July 2019

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:	Michelle Oakensen – LGSS Pensions Governance Officer moakensen@northamptonshire.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 Reporting

2.1 Variances against the forecast of investments and administration expenses

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

2.2 Key Performance Indicators – LGSS Pensions

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

2.3 Receipt of Employee and Employer Contributions

- 2.3.1 Employers in the Fund have a statutory obligation to arrange for the correct deduction of employee and employer contributions and to ensure payment reaches the Pension Fund by the 19th of the month following the month of deduction. Providing an associated monthly statement/schedule in a format acceptable to the Administering Authority.
- 2.3.2 The table in **appendix 3** shows the percentage of employers in the Cambridgeshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late for the period 1st May 2018 to 30th April 2019
- 2.3.3 Details of late paying employers for 1st March to 30th April 2019 can be found in **appendix 4 (private)** of the report.

2.4 Breaches of the Law

- 2.4.1 There are many and various laws relating to the Local Government Pension Scheme, with many and various people having a statutory duty to report material breaches of the law to the Regulator. The Cambridgeshire Pension Fund maintains a record of both material breaches that are reported to the Pensions Regulator as well breaches that are deemed not to be of material significance and so are not reported to the Pensions Regulator.
- 2.4.2 Breaches that have been identified in May 2019 have been listed below (please note – this excludes late payment of contributions as this is covered in appendix 3 and 4) –

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	N/A
Non Material Breaches	None	N/A

2.5 Internal Dispute Resolution Procedure

- 2.5.1 Members, prospective members, and beneficiaries may not always agree with pension decisions that are made, or may be unhappy that decisions have not been made, by either an administering authority or a scheme employer. The Internal Dispute Resolution Procedure (IDRP) is the route by which they may raise their concerns and challenge such decisions.
- 2.5.2 Cases within the IDRP process as at 31st May 2019 can be found in the tables below:

2.5.3 Stage 1 disputes:

	Administering Authority*	
No. of disputes brought forward from 2018/19:	1	Stage 1 Decisions: The resolved dispute concerned recovery of an overpayment of pension. The complaint was partially upheld in so far as the sum recoverable should be limited to overpayments made within the last six years only.
No. of disputes raised in the year as at 31 st May 2019:	0	
No. of disputes resolved in the year as at 31 st May 2019:	1	
No. of disputes in progress as at 31 st May 2019:	0	

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

2.5.4 Stage 2 disputes:

	Scheme Employer	Admin Authority	Stage 2 Decisions: The resolved dispute relating to an administering authority decision concerned refusal to permit payment of a transfer value as the member has a pension in payment from another former LGPS employment. The complaint was not upheld
No. of disputes brought forward from 2018/19:	1	2	
No. of disputes raised in the year as at 31 st May 2019:	0	1	
No. of disputes resolved in the year as at 31 st May 2019:	0	1	
No. of disputes in progress at 31 st May 2019:	1	2	

2.5.5 Disputes escalated to The Pensions Ombudsman (TPO)

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

2.6 Employers Admissions and Cessations

2.6.1 The Local Government Pension Scheme Regulations 2013 (as amended) provide for the admission of a number of different types of body to the Local Government Pension Scheme; scheduled bodies, designating bodies, and admission bodies.

2.6.2 The following admission bodies have been admitted to the Cambridgeshire Pension Fund:

- Caterlink
- Aspens Services Limited
- Edwards and Blake
- ABM Catering Limited

2.6.3 The following scheduled body has been admitted to the Cambridgeshire Pension Fund:

- OWN Academy Trust

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

- Churchill Contract Services Ltd (Thorndown Primary School)
- SLM Ltd Everyone Active
- Cambridge Live

3. Relevant Pension Fund Objective

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

4. Finance & Resources Implications

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

5. Risk Management

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

Risk No	Risk mitigated	Residual risk
5	Information may not be provided to stakeholders as required	Green
7	Those charged with governance are unable to fulfil their responsibilities effectively	Green
16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making	Green

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

6. Communication Implications

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

7.1 Not applicable

8. Consultation with Key Advisers

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

9. Alternative Options Considered

9.1 Not applicable

10. Background Papers

10.1 Not applicable

11. Appendices

- 11.1 Appendix 1 Variances against the forecast of investments and administration expenses
- 11.2 Appendix 2 Key Performance Indicators – LGSS Pensions
- 11.3 Appendix 3 Receipt of Employee and Employer Contributions
- 11.4 Appendix 4 Late payments of employee and employer contributions (private)

Checklist of Key Approvals

Has this report been cleared by Head of Pensions?	Mark Whitby – 18 th June 2019
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Appendix 1 – LGSS Pensions Administration Report

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

Fund Account	2019-20 Estimate	2019-20 Forecast	Variance	Comments
	£000	£000	£000	
Contributions ¹	131,000	131,000	-	
Transfers in from other pension funds ²	4,200	4,200	-	
Total income	135,200	135,200	-	
Benefits payable ¹	(105,000)	(105,000)	-	
Payments to and on account of leavers ²	(9,100)	(9,100)	-	
Total Payments	(114,100)	(114,100)	-	
	21,100	21,100	-	
Management Expenses	(10,040)	(10,075)	(35)	See analysis below
Total income less expenditure	11,060	11,025	(35)	
Investment income	36,000	36,000		
Taxes on income	-	-		
(profit) and losses on disposal of investments and changes in the market value of investments	84,000	84,000		
Net return on investments	120,000	120,000	-	
Net (increase)/decrease in the net assets available for benefits during the year	131,060	131,025	(35)	

Management Expenses	2019-20 Estimate	2019-120 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	(2,930)	(2,965)	(35)	See analysis below
Total Governance Expenses	(550)	(550)	-	
Total Investment Expenses	(6,560)	(6,560)	-	
Total Management Expenses	(10,040)	(10,075)	(35)	

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

Appendix 2 - Key Performance Indicators – LGSS Pensions April and May 2019

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Notify leavers of deferred benefit entitlement	Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information.	90%	April: 124 May: 179	122 178	2 1	100% 99%	Green Green	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%	April: 29 May: 28	29 27	0 1	100% 96%	Green Green	SLA target met SLA target met
Award dependant benefits – Statutory	Issue award within 5 working days of receiving all necessary information.	95%	April: 25 May: 15	25 15	0 0	100% 100%	Green Green	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%	April: 62 May: 60	61 58	1 2	100% 97%	Green Green	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%	April: 19 May: 9	18 9	1 0	100% 100%	Green Green	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%	April: 9 May: 16	9 16	1 0	100% 100%	Green Green	SLA target met SLA target met

Green: Equal to or above SLA target.

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

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

Appendix 3 - Receipt of Employee and Employer Contributions

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
May 2018	96.7	3.3	96.9	3.1
June 2018	99.8	0.2	98.7	1.3
July 2018	99.6	0.4	98.7	1.3
August 2018	98.4	1.6	98.5	1.5
September 2018	99.5	0.5	97.2	2.8
October 2018	99.3	0.7	96.7	3.3
November 2018	100	0	99.6	0.4
December 2018	99.3	0.7	99.4	0.6
January 2019	99.8	0.2	99.6	0.4
February 2019	100	0	99.6	0.4
March 2019	99.4	0.6	98.4	1.6
April 2019	98.5	1.5	97.0	3.0
Average for period	99.2	0.8	98.3	1.7

Local Pension Board

Date: 5th July 2019

Report by: Head of Pensions

Subject:	Governance and Compliance Report
Purpose of the Report	To provide the Local Pension Board with: 1) Activities of the Local Government Pension Scheme Advisory Board; 2) Information on Government Consultations affecting the Local Government Pension Scheme; 3) Skills and knowledge opportunities.
Recommendations	That the Local Pension Board notes the content of the report.
Enquiries to:	Jo Walton – Governance and Regulations Manager, LGSS Pensions E-mail: jwalton@northamptonshire.gov.uk

1. Background

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

2. Scheme Advisory Board

2.1 Guidance for the 2019 Valuation

- 2.1.1 As reported at the March 2019 meeting of the Pension Fund Committee, there has been a pause in both the HM Treasury and Scheme Advisory Board (SAB) cost cap processes. The pause is due to the uncertain outcome of the McCloud case (potentially age discriminatory application of transitional protection following the introduction of the LGPS 2014) whereby there is a scheme liability which is unknown in both scale and timing.
- 2.1.2 The Scheme Advisory Board issued guidance on 14th May 2019 on the approach to be taken with regard to this liability in the 2019 triennial valuation process.
- 2.1.3 At the time of pausing the cost management processes a package of scheme improvements had been recommended costing an average of 0.9% of payroll to bring the future cost of LGPS benefits back within the +/- 2% of the intended 19.5% target cost.
- 2.1.4 Depending on the McCloud judgement and the cost of any remedy the following outcomes will be possible:

- The proposed changes to the scheme as a result of the cost cap will be unnecessary (should the remedial actions proposed by the Employment Tribunal to address the judgement match or exceed the costs of the benefit improvements required under the cost cap) or;
- Should the McCloud judgement not stand, the cost cap changes will need to be reviewed to allow the impact to be backdated to 1st April 2019 in line with the Government commitments; or
- Should any remedy cost less than the cost cap then further changes to the scheme may be required and backdated to 1st April 2019.

2.1.5 Both the timing and the outcome of the McCloud case are unknown. The potential impact on all public service pension schemes is significant should the 2018 Court of Appeal's finding that protections for those within 10 years of retirement are unlawful be upheld. If the finding is not upheld then the cost cap process will restart.

2.1.6 Given the unknown nature in the timing and scale of any impact on liabilities as a result of the cost cap and the McCloud judgement the Scheme Advisory Board have proposed the following approach to the 2019 valuation:

- If there is no finalised outcome on the cost cap and McCloud in the form of a formal notification by MHCLG to administering authorities including a commitment by Government to detailed benefit changes by 31st August 2019 then the scheme benefit design used in the valuation process should be as set out in the current regulations.
- In setting employer contributions for 2020 each administering authority should, in conjunction with their Actuary, consider the approach to the risk and potential extra costs and reflect this in the Funding Strategy Statement.
- Once the outcome of the cost cap and McCloud judgement is known and appropriate benefit changes are made, administering authorities should re-visit employer contributions under the prevailing statutory guidance or provision in regulation.

2.1.7 In order to provide assistance for authorities in assessing the potential impact the Scheme Advisory Board have commissioned the Government's Actuary Department (GAD) to estimate both an overall scheme McCloud cost and a 'worst case' McCloud scenario on a range of pay assumptions.

2.1.8 The Local Pension Board will be kept up to date with developments in this matter as they occur.

2.2 Good Governance Review

2.2.1 In January 2019 the Scheme Advisory Board commissioned Hymans Robertson to facilitate a review of governance models for the LGPS. The purpose of the exercise is to consider means of further raising standards of governance across the LGPS in a way that means conflicts of interest are identified and managed effectively and that the Scheme remains appropriately resourced, able to deliver its statutory functions and meet regulatory obligations. Any model under consideration would retain current links to local democratic accountability.

- 2.2.2 Stage 1 of the approach taken by Hymans Robertson was to consult with a sample of key stakeholders from across the LGPS which resulted in a number of important issues, themes and ideas for improving LGPS governance and informed the proposed options for further consultation.
- 2.2.3 Stage 2 involved a survey inviting all stakeholders to comment on the proposed governance models and how they measure against proposed assessment criterion.
- 2.2.4 The proposed models are as follows:

Option		Detail
1	Improved practice	Introduce guidance or amendments to the LGPS Regulations 2013 to enhance the existing arrangements by increasing the independence of the management of the Fund.
2	Greater ring fencing for the LGPS within existing structures	Greater separation of pension fund management from the host authority, including budgets, resourcing and pay policies.
3	Joint Committee	Responsibility for all LGPS functions delegated to a joint committee comprising the administering authority and non-administering authorities in the fund. Inter-authority agreement makes the joint committee responsible for recommending budget, resourcing and pay policies.
4	Combined Authority	Establish a combined authority, a local authority in its own right and a separate legal entity which exists for the sole purpose of administering an LGPS fund.

- 2.2.5 Survey respondents were asked to quantitatively assess the extent to which the model meets that suggested criteria and were able to add a free text comment for further elaboration.
- 2.2.6 The survey closed on 31 May 2019 and members of the Pension Fund Committee and Local Pension Board were contacted to invite them to participate in the survey.
- 2.2.7 Hymans Robertson will be running further engagement opportunities in the form of workshops and a webinar. The Local Pension Board will be kept informed of further information relating to this review.

3. Consultations

3.1 Consultation on Exit Payments Cap

- 3.1.1 In 2015 the Government first announced plans to introduce a £95,000 cap on exit payments in the public sector. The cap includes any pension strain costs (the cost to the employer of paying a scheme member's pension early normally on the grounds of efficiency or redundancy). The cap was legislation for in the Enterprise Act 2016 which amends the Small Business, Enterprise and Employment Act 2015 but required secondary legislation for it to be introduced.
- 3.1.2 On 10th April 2019 HM Treasury launched a consultation on the draft regulations entitled 'Restricting exit payments in the public sector: consultation on implementation of the regulations'. The consultation will closed on 3rd July 2019.

- 3.1.4 The cap will apply to the whole of the public sector but is being implemented in two stages. In the first stage the regulations will apply to exit payments made by:
- Local authorities
 - UK Civil Service
 - NHS England and Wales
 - Academy schools
 - Police forces (Including civilians)
 - Fire and Rescue authorities
- 3.1.5 Further and Higher Education corporations, Sixth Form Colleges and Housing Management companies whose employees are members of the LGPS are not covered by the exit cap. The Government expects all public sector bodies not covered by the Regulations to restrict exit payments voluntarily. Regulations will be extended to the rest of the public sector in the second stage.
- 3.1.6 The regulations apply where there has been a 'relevant public sector exit' which occurs when an employee leaves the employment of a public sector authority. Payments included in the cap are (but not limited to) the following:
- Payment on account of dismissal by redundancy (including the statutory redundancy payment)
 - Payment made to reduce or eliminate an actuarial reduction to a pension on early retirement
 - Payment made as an award of compensation under the ACAS arbitration scheme or a settlement or conciliation agreement
 - Severance or ex-gratia payment
 - Payment on voluntary exit
 - Payment in lieu of notice due under a contract of employment (if it exceeds 25% of the employee's annual salary).
- 3.1.7 Full details of the consultation can be found at the following link:
<http://www.lgpsregs.org/landscape/consultations.php>
- 3.1.8 Officers of LGSS Pensions drafted a response to the consultation on behalf of the Cambridgeshire Pension Fund and circulated this to the Chairman and Vice Chairman of the Pension Fund Committee and Local Pension Board prior to submission to HM Treasury.
- 3.1.9 Employers within the Fund have been notified of this consultation.

4. Skills and knowledge opportunities – training events

- 4.1 Section 248A of The Pensions Act 2004 as incorporated within The Pensions Regulator's (TPR) Code of Practice (Governance and administration of public service pension schemes) requires all members of the Local Pension Board to maintain the necessary skills and knowledge to undertake their role effectively.
- 4.2 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.
- 4.3 Requests to attend events will be facilitated by the Governance Team. It may be necessary to restrict numbers of attendees on some courses through reasons of cost.

5. Relevant Pension Fund Objectives

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

6. Risk Management

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

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

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

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.
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8. Finance & Resources Implications

- 8.1 Not applicable.

9. Legal Implications

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

10. Consultation with Key Advisers

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

11. Alternative Options Considered

11.1 There are no alternative options to be considered.

12. Background Papers

12.1 None.

13. Appendices

13.1 Appendix 1 List of training events/conferences.

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 19/06/2019

Appendix 1

Date	Event	Training Credits	Target Audience	Host/Website
2 – 4 July 2019	LAPF Strategic Investment Forum	4	Chairman of Pension Committee / Officers	https://www.dgpublishing.com/lapf-strategic-investment-forum/
3 - 4 July 2019	Heywood Class Group AGM	4	Officers	
10 – 12 July 2019	LGC Pension Fund Symposium	4	Officers	https://pensionfund.lgcplus.com
17 July 2019	LGSS Pensions Information Day	2	Officers, Committee/ Board Members	
5-6 September 2019	LGC Investment Summit	4	Officers, Committee/ Board Members	https://investmentsummit.lgcplus.com
25 September 2019	Introduction to the LGPS	2	Officers, Committee/ Board Members	https://www.cipfa.org/training/i/introduction-to-the-lgps-20190925-london Aimed at new or inexperienced officers and elected members this course, based on the CIPFA knowledge and skills framework.
3 October 2019	LGPC Fundamentals Training (Day 1/3)	2	Committee/Board Members	Provides members of Pension Committees and Local Pension Boards with the knowledge and skills to enable them to carry out their duties effectively. Further information to follow.
9 October 2019	LGSS Pensions Information Day	2	Officers, Committee/ Board Members	

11 October 2019	Schroders Trustee Training (Part 1)	2	Officers, Committee/ Board Members	https://www.schrodersevents.co.uk/schroders/frontend/reg/tOherPage.csp?pageID=573019&ef_sel_menu=10552&eventID=1592 The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them
16 - 18 October 2019	PLSA Annual Conference	4	Officers, Committee/ Board Members	https://www.plsa.co.uk/Annual-conference-and-exhibition
6 November 2019	LGPC Fundamentals Training (Day 2/3)	2	Committee/Board Members	Provides members of Pension Committees and Local Pension Boards with the knowledge and skills to enable them to carry out their duties effectively. Further information to follow.
8 November 2019	Schroders Trustee Training (Part 2)	2	Officers, Committee/ Board Members	https://www.schrodersevents.co.uk/schroders/frontend/reg/tOherPage.csp?pageID=573019&ef_sel_menu=10552&eventID=1592 The programme is designed to cover a wide range of different asset classes and investment strategies, as well as how to manage some of the risks associated with them.
19 – 20 November 2019	Pension Managers' Conference	4	Officers	https://www.savvyinvestor.net/conferences/1333719
4 – 6 December 2019	LAPFF Annual Conference	4	Officers, Committee/ Board Members	http://www.lapfforum.org/events/lapff-conference/
18 December 2019	LGPC Fundamentals Training (Day 3/3)	2	Committee/Board Members	Provides members of Pension Committees and Local Pension Boards with the knowledge and skills to enable them to carry out their duties effectively. Further information to follow.
26 February 2020	LGSS Pension Information Day	2	Officers, Committee/ Board Members	

Cambridgeshire Pension Fund



Pension Fund Board

Date: 5th July 2019

Report by: Head of Pensions

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

1. Background

- 1.1 The Cambridgeshire Risk Strategy and Risk Register were reviewed and approved by the Pensions Committee on 28th March 2019. Prior to this the Pension Fund Board actively agreed the process of monitoring risks that face the Fund, with the Pension Fund Board reviewing on a quarterly basis and the Pension Fund Committee on a bi-annual basis, unless any concerns were raised, in which case the Pension Fund Committee would be notified earlier.
- 1.2 This supports the Pension Regulator's Code of Practice 14 – Governance and administration of public service pension schemes with regards to monitoring and reviewing risks. This code of practice can be found at the following link:
<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice>

2. Review of the Cambridgeshire Pension Fund Risk Register

- 2.1 Officers of the Fund have reviewed the risk register and have concluded the following:
 - No risks have seen a change in impact or likelihood scores since the last review
 - No mitigations have needed to be added/deleted since the last review
- 2.2 Board members are asked to review the full risk register located in **appendix 1** of this report and advise if the above officer conclusions as above are agreed.

3. Progress made against previous review(s)

- 3.1 The below table demonstrates the progress made against previous actions identified -

Change required	Status
Risk 6 to be reworded to the following - The Investment Strategy's risk reward profile does not match the requirements of the Fund.	Completed – Change made and revised risk register published on the website.
Risk 24 to be reworded to the following - Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage	Completed – Change made and revised risk register published on the website.
Risk 25 to be reworded to the following - Incorrect/poor quality data held on the Pension Administration and Payroll platforms leading to incorrect information being provided to members and stakeholders.	Completed – Change made and revised risk register published on the website.

4. Short-term risks

- 4.1 Officers have identified that the pending outcome of the McCloud judgement whereby a challenge was successfully made on the application of transitional protection following the introduction of the LGPS 2014 as being age discriminatory, there is a risk to all LGPS Funds that if the government's appeal against the decision is not upheld and communicated prior to 31 August 2019, the 2019 valuation of the Fund and each employers liabilities may be incorrectly valued resulting in the calculation of inappropriate contribution rates being set. Risk 18, 'actual experience materially differs from actuarial assumptions used at each valuation' covers the high level risk as the liability will be a factor in the 2019 valuation but it was felt appropriate to highlight this as a short term risk for the Board to monitor.
- 4.2 Therefore officers are currently considering how best to robustly monitor and manage short-term risks without compromising the purpose of the risk register as being a high level document.

5. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
Continually monitor and measure clearly articulated objectives through business planning.
Deliver consistent plain English communications to stakeholders.
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.
Ensure cash flows in to and out of the Fund are timely and of the correct amount.

6. Risk Management

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

Risk No	Risk mitigated	Residual risk
9	Failure to understand and monitor risk and compliance	Green
16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	Green

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

7. Finance & Resources Implications

- 7.1 None.

8. Communication Implications

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

- 9.1 Not applicable.

10. Consultation with Key Advisers

- 10.1 None

11. Alternative Options Considered

- 11.1 There are no alternative options to be considered

12. Background Papers

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

13. Appendices

- 13.1 Appendix 1 - The Cambridgeshire Pension Fund Risk Register

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 20 th June 2019

Appendix 1 – Cambridgeshire Pension Fund Risk Register

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

*Key

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

Overall responsibility rests with the Head of Pensions

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
1	Employers unable to pay increased contribution rates.	4	4	16	R	<ul style="list-style-type: none"> Provisional contribution rates are consulted on with each scheme employer as part of the valuation process Review of employer covenant, looking at the terms of the admission agreement and bond/guarantor arrangements. Negotiate terms of deficit recovery whilst keeping employer contribution rates as stable and affordable as possible. 	4	3	12	A
2	Failure to respond to changes in economic conditions	4	4	16	R	<ul style="list-style-type: none"> The Fund has established a quarterly Investment Sub Committee dedicated to focus on Investment matters. The Fund receives quarterly performance reports which consider operational and strategic investment issues. A formal review of the strategic asset allocation is undertaken on a triennial basis. The Fund publishes an Investment Strategy Statement which is regularly reviewed. 	4	3	12	A
3.	Contributions to the Fund are not received on the correct date and/or for the correct amount.	4	3	12	A	<ul style="list-style-type: none"> Employer contributions are set as stable as possible and the Fund works with employers closely to ensure pragmatic solutions if an employer is unable to meet monthly contributions. A procedure is in place to identify non-payment and late payment of contributions as defined in the Employee and Employer Late Payment Policy. The Policy includes a reporting process to report late payments to Committee and the Pensions Regulator Internal Audit reviews take place on an annual basis and external audit review the accounts annually. 	4	2	8	A
4	Fund assets are not sufficient to meet obligations and liabilities	4	3	12	A	<ul style="list-style-type: none"> The Funding Strategy Statement is reviewed every 3 years. The Fund Actuary considers asset valuations and the Fund Investment Strategy in setting employer contributions rates. The yearend financial statements record the Funds asset position and is subject to robustly reviewed by external audit, which supports the Funds asset valuation applied to assess fund adequacy. 	4	2	8	A

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
5	Information may not be provided to stakeholders as required	3	3	9	A	<ul style="list-style-type: none"> Officers keep up to date with disclosure regulations and distribute knowledge to teams accordingly using resources such as relevant websites, seminars, professional bodies and working groups. Letters are generated through task management for consistency and are checked before being sent out. 	3	2	6	G
6	The Investment Strategy's risk reward profile does not match the requirements of the Fund.	3	3	9	A	<ul style="list-style-type: none"> Investment Strategy in place which is in accordance with LGPS investment regulations. A formal review of the strategic asset allocation is undertaken on a triennial basis. The Fund appoints professional investment advisers to support the Pension Committees investment decisions At each triennial actuarial valuation the Funding Strategy Statement considers alignment of the investment strategy to employer covenant and affordability. Members are encouraged to participate in Skills & Knowledge training with respect to Investments and attend relevant industry conferences. Detailed training records are maintained. 	3	2	6	G
7.	Those charged with governance are unable to fulfil their responsibilities effectively	3	3	9	A	<ul style="list-style-type: none"> Training Strategy in place to facilitate the continual development of both Committee and Board members. New members are provided with relevant documentation to assist them in their roles. The Fund subscribes to relevant professional bodies such as LAPFF and PALSA. 	3	2	6	G
8.	Risk of fraud and error	3	3	12	A	<ul style="list-style-type: none"> Anti- Fraud and Corruption policy in place. Fund participates in the National Fraud Initiative and undertakes oversees pensioner existence checks. Robust processes in place including segregation of duties and authorisation protocols. 	3	2	6	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
9	Failure to understand and monitor risk compliance	3	2	6	G	<ul style="list-style-type: none"> Business Continuity plan in place and is updated at least annually. Active risk register in place, the Committee and Board are updated if there are any risk movements between scheduled reporting timescales. The Local Pension Board have oversight of risk monitoring to assist the Pensions Committee on decision making. 	3	2	6	G
10	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	3	4	12	A	<ul style="list-style-type: none"> Employers are made aware of their responsibilities upon admission via the LGSS website and direct employer communication. Training is provided to employers on a minimum quarterly basis and more often, if required. The importance of a statutory deadlines is stressed to the employer through all communications and via events such as the employer forums. Support is also available through the website, dedicated employers help line and templates issued where applicable. 	2	3	6	G
11	Custody arrangements may not be sufficient to safeguard Pension Fund assets	4	2	8	A	<ul style="list-style-type: none"> The Custodian is selected from experienced providers on the LGPS National Framework who have met the quality criteria for the framework. Complete and authorised agreements are in place with external custodian. External custodian's compliance with International Standard on Assurance Engagements (ISAE) No. 3402, Assurance Reports on Controls at a Service Organisation. Officers of the Fund engage in quarterly monitoring of custodian performance with a report presented at the annual meeting of the Pensions Committee. 	4	1	4	G
Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG

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

14	Failure to recognise and manage conflicts of interest	4	2	8	A	<ul style="list-style-type: none"> Declaration of interests are made at the beginning of all statutory meetings where not held on the County Councillor declaration register. Conflicts of Interest Policy in place for the Local Pension Board. Committee and Board members are encouraged to undertake the Pension Regulators Toolkit which includes a conflicts of interest module. 	2	2	4	G
15	Pension Fund objectives are not defined and agreed	4	2	8	A	<ul style="list-style-type: none"> Objectives are agreed as part of the Annual Business Plan and Medium Term Strategy by the Pensions Committee. Relevant objectives are referenced on every committee report. Objectives are referenced in all policy documents and the risk register to ensure appropriate focus. 	2	2	4	G
16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	3	2	6	G	<ul style="list-style-type: none"> Committee and Board papers are provided for each scheduled meeting, providing relevant information to inform decision making. Papers are subject to appropriate approvals including that of the Monitoring Officer and Section 151 Officer Yearly effectiveness reviews for Committee and Board members are carried out to identify if any changes need to be made to the information delivered. 	2	2	4	G
Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G

17	Pension Fund Investments may not be accurately valued	3	2	6	G	<ul style="list-style-type: none"> The Fund employs a custodian to independently review the fund asset values applied by Fund Managers and these valuations are applied in the year-end financial statements. The year-end financial statements record the Funds asset position and is subject to robust review by external audit. Officers work closely with the Funds Custodian to ensure accuracy of asset valuations. 	2	2	4	G
18	Actual experience materially differs from actuarial assumptions used at each valuation.	3	3	9	A	<ul style="list-style-type: none"> Assumptions and actual experience are analysed through triennial valuations to ensure assumptions remain appropriate. Early engagement with employers. The Investment Sub Committee receives quarterly performance reports provided by recognised industry professionals which considers both strategic and operational aspects of investment. Officers are in partnership with Fund advisers report asset allocation performance quarterly to the Investment Sub Committee. 	2	2	4	G
19	Failure to act appropriately upon expert advice and/or risk of poor advice	4	2	8	A	<ul style="list-style-type: none"> Pension Committee decisions and oversight by the Local Pension Board. Investment consultants and independent advisors appointed via a robust appointment process. Members are encouraged to participate in Skills & Knowledge training with respect to Investments and attend relevant industry conferences. Detailed training records are maintained. 	2	2	4	G
Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G

20	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met.	3	3	9	A	<ul style="list-style-type: none"> Assessment of the strength of individual employer covenants in conjunction with the actuary and what bond/guarantor arrangements are in place Close liaison with Employers in managing exit strategy in line with the Admitted bodies, Scheme employers and Transfer Policy. Ensure individual employers are monitored closely to pre-empt when they are likely to cease and put in arrangements to fund cessation on an appropriate basis. 	2	2	4	G
21	Unable to deliver pension services due to an inadequate business continuity plan	3	2	6	G	<ul style="list-style-type: none"> Business continuity plan in place which includes the ability for staff to work remotely to meet the demands of the service. Multi skilling across the service for flexibility. Updated at least annually to ensure remains relevant and up to date. Part of the LGSS business continuity plan. 	2	2	4	G
22	Unable to deliver pension services due to inadequate recruitment and retention processes.	3	2	6	G	<ul style="list-style-type: none"> Establishment reporting undertaken monthly to identify any recruitment/retention issues Recruitment undertaken utilising all available avenues including agency staff Staff leaving interviewed to understand reason for cessation Regular performance reporting across all business processes serves as early warning system Consultancy contracts in place as a backstop 	2	2	4	G
Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G

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

25	Incorrect/poor quality data held on the Pension Administration and Payroll platforms leading to incorrect information being provided to members and stakeholders.	3	3	9	A	<ul style="list-style-type: none"> • The Data Improvement Policy and Plan are in place. • The Data Improvement Policy and Plan are reviewed at least annually and material amendments approved by the Pensions Committee. The Local Pension Board have oversight of policy reviews. • The Pension Committee and Local Pension Board receive updates against the plan quarterly. 	3	1	3	G
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**CAMBRIDGESHIRE
PENSION FUND**



Local Pension Board

Date: 5th July 2019

Report by: Head of Pensions

Subject:	ACCESS Asset Pooling Update
Purpose of the Report	To update the Pension Fund Board on asset pooling.
Recommendations	<p>The Pension Fund Board:</p> <ol style="list-style-type: none"> 1 Note the asset pooling update; 2 Note the attached agenda, minutes and public reports from the ACCESS Joint Committee meeting of the 11th June 2019; 3 Note the value for money asset pooling update.
Enquiries to:	<p>Name – Paul Tysoe, Investment and Fund Accounting Manager Tel – 07867902436 E-mail – phtysoe@northamptonshire.gov.uk</p>

1. Background

- 1.1 The Cambridgeshire Pension Fund has been working collaboratively with ten other Funds in the ACCESS pool to jointly meet the Government's published criteria on asset pooling.
- 1.2 This report updates the Board on the Access Joint Committee (AJC) meeting of the 11th June 2019 and developments up to the date of this report.
- 1.3 The appendices of this report contain the approved minutes of the AJC of 18th March 2019 along with the agenda and reports from the 11th June 2019 AJC.

2. ACCESS Joint Committee 18th March 2019.

- 2.1 The agenda for the AJC of the 11th June 2019 is shown at **Appendix A**.

2.2 In the public section of the AJC the minutes of the previous AJC, of 18th March 2019, were approved. In addition, reports on ACCESS Support Unit and Secretariat, Annual Report and the 2018/19 Out-turn and 2019/20 Business Plan Update were presented to AJC members. Public reports are in Appendix B to this report. The outcomes from these reports are:-

2.2.1.1 For ACCESS Support Unit and Secretariat (host authority arrangements) it was resolved that the current Secretariat support from Kent County Council will continue until July 2020.

2.2.1.2 The format and approach to the ACCESS Annual Report was approved. Approval and publication of the final version was delegated to Sharon Tan (Suffolk) in consultation with the Chairman and Vice-Chairman.

2.2.1.3 The AJC noted the 2018/19 Out-turn and Business Plan update, with a request that future reports contain more contextual information and explanation on budget changes.

2.3 The exempt section of the AJC consisted of an MHCLG Consultation update, ACS Implementation Update, Contract Management update, Access Support Unit (ASU) update, and Governance arrangements. These reports are included in the **exempt** Appendix C. The outcomes from these reports are:-

2.3.1.1 An update on the MHCLG consultation was given in the meeting and it was resolved that AJC members supported by officers should meet with representatives of the MHCLG.

2.3.1.2 An update on management of the Link contract by the ASU was given in the meeting which was noted.

2.3.1.3 A report on the ACCESS Support Unit was presented where it was agreed to seek to recruit the Director role from pool Officers.

2.3.1.4 The Governance report was presented resulting in the adoption of the Governance Manual and endorsement of the Inter Authority Agreement for referral to respective Monitoring Officers of each partner Authority in ACCESS for progression through their respective governance processes.

3. Value for money asset pooling update.

3.1 A request was made at the 3rd May 2019 Local Pension Board for a value for money update for assets held under the pooling umbrella.

3.2 It should be noted that asset pooling sub funds are still being developed with limited assets having moved under the asset pooling umbrella to date. The mandates that currently sit within asset pooling are the UBS Passive mandates and the Dodge and Cox Global Equity sub fund, with the J.O. Hambro sub fund to launch in July 2019. Therefore the current financial benefits of asset pooling are predominantly related to the Passive mandates.

- 3.3 There is a risk that the concentration on fee savings through asset pooling detracts from the true focus of investment strategy, which is to deliver net of fee returns in line or above the Fund target return. The Fund's investment strategy will spread risk across a range of asset classes and mandates and measure value for money in terms of net of fee returns on a risk adjusted basis.
- 3.4 The participation in the passive pooling procurement has delivered material savings to the Fund and enabled the Fund to benefit from a wider range of indices to reduce risk and enhance return. There are two tables included as a separate confidential Appendix D as they contain business sensitive information. Table A considers a simple like-for-like transfer from the legacy passive arrangements to an assumed similar matching arrangement in the pooled passive umbrella. Table B shows how the Fund benefited from the wider range of indices in the pooled passive umbrella, some of which have higher fees due to being more complex to operate, but provide diversification and target higher returns.
- 3.5 Table A shows the legacy passive mandate compared on a like-for-like basis to an allocation under the new provider, UBS and indicates like-for-like savings of £478k per annum.
- 3.6 Table B shows the Funds March 2019 range of indices and fees, applying the revised allocation taking advantage of a wider range of indices to add diversity and enhanced returns. Aggregate fee savings are slightly reduced to reflect the more complex nature of some of the indices, but still providing a comfortable £380k savings per annum, against the previous passive arrangement. This also includes accounting for the increased assets under management of £59m.
- 3.7 The value for money assessment to justify the slightly higher fees is demonstrated through the aggregate performance of the suite of indices of 7%, compared against the UK "passive" indices of 3.8% giving an outperformance of 3.2% and against North American equities of 5.5% an out performance of 1.5%. (As at 31 March 2019.).
- 3.8 The revised asset allocation within the passive mandate to date has therefore delivered material savings to the Fund and has added value through a higher overall return than the legacy allocation, even accounting for a growth in AUM and a more complex and slightly more costly passive mandate.
- 3.9 The Fund currently has two active global equity managers one of whom is in the asset pool the other expected to be in the asset pool in July 2019.
- 3.9.1 Dodge and Cox is currently the only value style active global manager in the asset pool, who operate a single fee rate for all customers worldwide. However LINK were able to negotiate a reduction in other costs to accommodate the operator fee providing a cost neutral fee position, remaining a pooled mandate rather than a segregated mandate.
- 3.9.2 J. O Hambro is a growth global equity manager expected to be in the asset pool in July 2019. Savings of £1.2m have been estimated by moving the current strategy into the asset pool as a segregated vehicle rather than a pooled vehicle, reflecting reduced running costs and the benefit from enhanced tax reclaim ability.

4. Recommendations

- 4.1 Note the asset pooling update;
- 4.2 Note the attached agenda, minutes and reports from the ACCESS Joint Committee meeting of the 11th June 2019.
- 4.3 Note the value for money asset pooling update.

5. Relevant Pension Fund Objectives

Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. <i>Objective 2</i>
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. <i>Objective 3</i>
Continually monitor and measure clearly articulated objectives through business planning. <i>Objective 4</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>
Ensure the long-term solvency of the Fund, taking a prudent long term view, so that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment. <i>Objective 17</i>
Put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy. <i>Objective 18</i>
Maximise investment returns over the long term within agreed risk tolerances. <i>Objective 19</i>

6. Finance & Resources Implications

- 6.1 The ACCESS budget is as set out in the 2018/19 Out-turn and Business Plan update report in Appendix B.

7. Risk Management

- 7.1 The Pension Fund Committee and Local Pension Board has a responsibility to ensure the ACCESS pool meets the Government's published criteria and guidance on asset pooling.
- 7.2 The risk associated with failing to keep the Board informed of pooling progress has been captured in the Fund's risk register as detailed below.

Risk NO	Risk	Residual risk rating
16	Failure to provide relevant information to the Pension Committee/Pension Board for informed decision making.	Green

7.3 The risk register covers other risks that are directly associated to Northamptonshire Pension Fund's investments. Risks associated with failure of the ACCESS pool to meet Government requirements will be considered upon the next review.

7.4 The full version of the Fund risk register can be found – <http://pensions.northamptonshire.gov.uk/governance/key-documents/Northamptonshire/>

8. Communication Implications

8.1 N/A

9. Legal Implications

9.1 Legal advice has been sought from various advisors in connection with the work streams of the ACCESS project including LGSS Law, the Monitoring Officer, Eversheds and Squire Patton Boggs.

10. Consultation with Key Advisers

10.1 In addition to the legal advisors set out in 8.1, advice has also been sought from Hymans Robertson, Mercer, B Finance and Muse Consultancy.

11 Alternative Options Considered

1.1 Not applicable.

12 Background Papers

2.1 Not applicable.

13 Appendices

- 3.1 Appendix A: Agenda for the AJC Meeting of 11th June 2019
- 3.2 Appendix B: Public papers for the AJC Meeting of 11th June 2019
- 3.3 **Exempt** Appendix C: Private papers for the AJC Meeting of 11th June 2019
- 3.4 **Exempt** Appendix D: Confidential appendix for Board members, Table A and Table B which contain business sensitive information.

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 20 June 2019



AGENDA

ACCESS JOINT COMMITTEE

Tuesday, 11th June, 2019, at 11.00 am

Ask for: Joel Cook

**Committee Room 1 - Islington Town Hall
Upper Street, London N1 2UD**

Telephone 03000 416892

Tea/Coffee will be available 15 minutes before the start of the meeting in the meeting room

Membership

Chairman: Andrew Reid (Suffolk CC), **Cllr Adrian Axford** (Isle of Wight), **Cllr Susan Barker** (Essex CC), **Cllr Jonathan Ekins** (Northamptonshire CC), **Cllr Gerard Fox** (East Sussex CC), **Cllr Jeremy Hunt** (West Sussex CC), **Cllr Mark Kemp-Gee** (Hampshire CC), **Cllr Terry Rogers** (Cambridgeshire CC), **Cllr Ralph Sangster** (Hertfordshire) **Cllr Charlie Simkins** (Kent CC) and **Cllr Judy Oliver** (Norfolk CC)

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

1. Apologies/Substitutes

Apologies	Substitutes	LA
Mr C Simkins	Mr P Bartlett	Kent

2. Membership

To note the following membership changes:

Cllr Jonathan Ekins has replaced Cllr Graham Lawman as the Northamptonshire County Council representative.

Cllr Gerard Fox has replaced Cllr Richard Stogdon as the East Sussex County Council representative.

3. Election of Vice-Chair

4. Declaration of interests in items on the agenda

5. Minutes of the meeting held on 18 March 2019 (Pages 5 - 10)
6. Host Authority arrangements [11:10 - 11:15] (Pages 11 - 14)
7. ACCESS Annual Report [11:15 - 11:30] (Pages 15 - 18)
8. 2018/19 Out-turn & 2019/20 Business Plan Update [11:30 - 11:45] (Pages 19 - 28)
9. Motion to Exclude the Press and Public
PROPOSED that under Section 100A of the Local Government Act 1972 the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 & 5 of part 1 of Schedule 12A of the Act.
10. MHCLG Consultation update [11:45 - 12:00]
11. ACS Implementation update [12:00 - 12:20] (Pages 29 - 40)
12. Contract Management update [12:20 - 12:40] (Pages 41 - 56)
13. Access Support Unit update [12:40 - 13:00] (Pages 57 - 76)

Lunch [13:00 - 13:30]

14. Governance arrangements [13:30 - 13:50] (Pages 77 - 164)
15. Items for information or advice from the committee [13:50 - 14:00]

Date of next meeting

9 September 2019
Islington Town Hall

Joel Cook
Clerk to the Joint Committee
03000 416892

Monday, 3 June 2019

LOCAL PENSION BOARD

Date: 5th July 2019

Report by: HEAD OF PENSIONS

Subject	To present the Business Plan update, Communication Plan and Valuation Update which were presented to the Pension Fund Committee on 13 th June 2019 to the Local Pension Board.
Purpose of the Report	The purpose of this report is to inform the Local Pension Board of reports presented to the Pension Fund Committee on the 13 th June 2019 with respect to administration matters.
Recommendations	<p>The Local Pension Board are asked to:</p> <p>Note the reports presented to the Pension Fund Committee on the 13th June 2019 with respect to the following:</p> <ol style="list-style-type: none">1. Business Plan update;2. Communication Plan;3. Data Improvement Plan update; and4. Valuation update
Enquiries to	Joanne Walton, Governance and Regulations Manager. jwalton@northamptonshire.gov.uk

1. Purpose of the report

- 1.1 The purpose of this report is to inform the Local Pension Board of reports presented to the Pension Fund Committee on the 13th June 2019 with respect to administration matters.

2. Background

- 2.1 The following reports regarding administration matters were presented to the Pension Fund Committee on the 13th June 2019:-

- Business Plan Update
- Communication Plan
- Data Improvement Plan Update
- Valuation Update

3. Business Plan Update

- 3.1 Good governance requires that updates to the pre-agreed Annual Business Plan and Medium-Term Strategy are provided to the Committee and Board on a regular basis. The update in appendix 1 highlights the progress made on the key activities for the period up to 31st May 2019 of the 2019/20 Business Plan, which was approved by the Pensions Committee on 28th March 2019.
- 3.2 The paper also includes a full list of the key fund activities for the 2019/20 financial year.
- 3.3 The Pension Fund Committee noted the report.

4. Communication Plan

- 4.1 The Local Government Pension Scheme Regulations 2013 (The Regulations) requires the Pension Fund to prepare, maintain and publish a written statement setting out its policy concerning communications with members and scheme employers.
- 4.2 The Communication Plan can be found in appendix 2 of this report and details the activities that need to be undertaken during 2019/20.
- 4.3 The Pension Fund Committee approved the Communication Plan for 2019/20.

5. Data Improvement Plan Update

- 5.1 The primary purpose of the Cambridgeshire Pension Fund is to pay the correct pension benefits to its members when they become due. It is therefore essential that the Fund achieves and maintains the highest possible data quality standards.
- 5.2 To demonstrate to the Pensions Regulator that the Fund has reviewed the quality of its data and has an ongoing approach to ensuring appropriate processes are in place to consistently hold accurate data, a Data Improvement Policy and a Data Improvement Plan has been established.
- 5.3 The Data Improvement Plan Update report is in appendix 3 of this report.
- 5.4 The Pension Fund Committee noted the report.

6. Valuation Update

- 6.1 Fund officers are currently working on a number of activities with the Scheme Actuary to complete the valuation of the Pension Fund. This work will continue throughout the 2019/2020 scheme year, culminating with the publishing of the valuation report and rates and adjustments certificate by 31 March 2020.
- 6.2 The overview of the valuation update is provided in appendix 4 of this report, the presentation provided by Hymans Robertson is in private appendix 5. Officers are happy to answer any questions arising from either the report or presentation slides.

6.3 The Pension Fund Committee noted the update.

7. Recommendations

7.1 That the Local Pension Board:

Note the reports presented to the Pension Fund Committee on the 13th June 2019 with respect to:

1. the Business Plan Update;
2. the Communication Plan
3. the Data Improvement Plan Update; and
4. the Valuation Update

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. (Objective no 1)
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. (Objective 2)
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. (Objective no 3)
Continually monitor and measure clearly articulated objectives through business planning. (Objective no 4)
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. (Objective no 5)
Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. (Objective no 8)
Ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer. (Objective no 9)
Promote the Scheme as a valuable benefit. (Objective no 12)
Deliver consistent plain English communications to Stakeholders. (Objective no 13)
Provide Scheme members with up to date information about the Scheme in order that they can make informed decisions about their benefits. (Objective no 14)
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund. (Objective no 15)

9. Finance & Resources Implications

9.1 There are no costs associated with the recommendations.

10. Risk Management

10.1 The Local Pension Board have a duty to review decisions and processes undertaken by the Pension Fund Committee.

10.2 The risks associated with not having this oversight are captured in the fund risk register as below -

Risk No	Risk	Residual risk
8	Risk of fraud and error	Green
9	Failure to understand and monitor risk compliance.	Green
16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	Green

10.3 The Fund's risk register can be found on the Fund's website at the following link:
<https://pensions.cambridgeshire.gov.uk/app/uploads/2019/05/RiskRegisterCPF.May2019.pdf>

11. Communication Implications

11.1 The Communication Plan has been published on the LGSS Pensions website.

12. Legal Implications

12.1 None.

13. Consultation with Key Advisers

13.1 None.

14. Alternative Options Considered

14.1 None.

15. Background Papers

15.1 Appendix 1 – Business Plan Update Report

15.2 Appendix 2 – Communication Plan

15.3 Appendix 3 - Data Improvement Plan Update Report

15.4 Appendix 4 – Valuation Update Report

15.5 Appendix 5 – Valuation presentation slides – **exempt separate document**

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 20 th June 2019

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Committee

Date: 13th June 2019

Report by: Head of Pensions

Subject:	Pension Fund Annual Business Plan Update report 2019/20
Purpose of the Report	To present the Pension Fund Business Plan Update for the period from 1 st April to 31 st May 2019 to the Pension Fund Committee.
Recommendations	The Pension Fund Committee are asked to note the Pension Fund Business Plan Update for the period ending 31 st May 2019 of the 2019/20 financial year.
Enquiries to:	Joanne Walton, Governance and Regulations Manager jwalton@northamptonshire.gov.uk

1. Background

- 1.1 Good governance requires that updates to the pre-agreed Annual Business Plan and Medium-Term Strategy are provided to the Committee on a regular basis. This update highlights the progress made on the key activities for the period up to 31st May 2019 of the 2019/20 Business Plan, which was approved by the Pensions Committee on 28th March 2019.
- 1.2 A full list of the key fund activities for the 2019/20 financial year can be found in appendix 1 of this report.

2. Key Pension Fund Activities

2.1 Service Delivery

Reference	Key action/task	2019/20			
		Q1	Q2	Q3	Q4
SD1	Monitor staffing levels in line with organisational reform	✓G			

2.1.1 SD1 - Monitor staffing levels in line with organisational reform

Action - Keep under review the ability to recruit and retain staff during the forthcoming period of organisational reform with regards to the future shape of LGSS and local government in Northamptonshire anticipated in 2020. The Pension Fund Committee will be kept informed of all developments in this area.

Update – LGSS Pensions has been at full budgeted establishment since 23rd April and staffing levels will continue to be monitored throughout the year.

On target for completion? Yes.

2.2 Governance and compliance

Reference	Key action/task	2019/20			
		Q1	Q2	Q3	Q4
GC2	Procure a supplier of mortality screening and member tracing services and process results	✓G			
GC5	Deliver actions stemming from the review of the Fund's Additional Voluntary Contribution providers	✓G			
GC7	Complete the Guaranteed Minimum Pension reconciliation project with rectification of members' records	✓G			

2.2.1 GC2 - Procure a supplier of mortality screening and member tracing services and process results

Action - The Fund needs to procure a mortality screening and member tracing service to ensure scheme member records are accurate and up to date to comply with prevailing legislation on data quality. Having the ability to access up to date information on members of the scheme who pass away and move address via these services will significantly improve the quality of the data held and increase the Fund's data quality score. The procurement of these services will be conducted on a joint basis with Cambridgeshire Pension Fund via the National LGPS Frameworks.

Update – The Request for Further Competition to appoint a supplier of member tracing services and mortality screening under the National Frameworks was issued on 9th April 2019 with final responses required by 7th May 2019.

Of the suppliers on the Framework that expressed an interest in supplying services to the Cambridgeshire and Northamptonshire Funds, each supplier was evaluated against the criteria set and an award was made during the week commencing 20 May 2019. At the time of writing this report it was not possible to publically announce who the contract was awarded to but this will be confirmed verbally at this meeting.

Detailed analysis of the improvements made to the quality of the Fund's data as a result of these contracts will be reported to the Pension Fund Committee as part of the Data Improvement Plan at each meeting.

On target for completion? Completed.

2.2.2 GC5 - Deliver actions stemming from the review of the Fund's Additional Voluntary Contribution providers

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

Update – The findings of this review will be discussed at the July 2019 meeting of the Pension Fund Committee and actions resulting from the recommendations from the report will commence thereafter.

On task for completion? Yes

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

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

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

Update – The Pension Fund Committee approved the appointment of ITM Limited to complete the rectification stage of this project at the March 2019 meeting. ITM Limited are currently still processing queries raised with HMRC and are preparing their systems for when all queries are resolved. Further information on this activity can be found in the Data Improvement Plan Update report.

On task for completion? Yes.

2.3 Communications, Systems and Employer Management

Reference	Key action/task	2019/20			
		Q1	Q2	Q3	Q4
CSEM1	Incorporate employer covenant monitoring into the valuation cycle	✓G			
CSEM2	Develop and implement a digital communications strategy	✓G			
CSEM4	Implement monthly data collection for all employers	✓G			
CSEM5	Manage the 2019 valuation	✓G			

2.3.1 CSEM1 – Incorporate employer covenant monitoring into the valuation cycle

Action - With an increasing number and variety of employers in the Fund, employer management is becoming one of the biggest challenges in managing a Fund. Assessing an employer's covenant (its ability to support its pension liabilities now and in the future) is an important step in ensuring the security of the Fund, informing both investment and funding decisions allowing appropriate risks to be taken. The Pensions Regulator recommends that a targeted approach is taken to assessing and monitor employer covenant and that, as a minimum, this should be carried out for appropriate employers at each valuation. The Fund's Actuary has been engaged to carry out covenant assessments on behalf of the Fund and this will be incorporated into the valuation cycle.

Update – A process has been agreed with the Fund Actuary for carrying out covenant assessments. Data has been provided for the first stage of covenant monitoring which involves ranking the relative risk level of each employer according to actuarial factors including funding level, size of deficit compared to size of payroll, contract length (if applicable), remaining number of members and other similar factors. This will identify the most risky employers who will then undergo further covenant assessments. The results of these assessments will be factored into the process of setting employer contribution rates.

On task for completion? Yes.

2.3.2 CSEM2 - Develop and implement a digital communications strategy

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

Update – A Communications Officer has now been appointed and inducted into the service and have commenced work on developing a Digital Communications Strategy which will be brought to the October Pension Fund Committee for approval.

On task for completion? Yes.

2.3.3 CSEM4 - Implement monthly data collection for all employers

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

Update – The first phase of moving employers to monthly reporting was carried out between January and March. There were 22 employers, mainly Parish Council's that received training on the new process and were successfully set up to use the new online data portal for monthly submissions and have been submitting data via this channel. In addition to the employers and payroll providers already using the automated i-connect extract, 73% of members data is now received on a monthly basis. It is planned to on-board another 80 employers over the next few months.

On task for completion? Yes.

2.3.4 CSEM5 - Manage the 2019 valuation

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

Update – A separate report will be presented to the Committee at this meeting providing an update on the valuation process.

On task for completion? Yes.

2.4 Operations

Reference	Key action/task	2019/20			
		Q1	Q2	Q3	Q4
OPS1	Processing of undecided leavers	✓G			
OPS2	Design a range of customer experience key performance indicators	✓G			

2.4.1 OPS1 – Processing of undecided leavers

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

Update – Progress in this area is included in the Data Improvement Plan Update report.

On task for completion? Yes.

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

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

Update – LGSS Pensions is currently outlining and designing the process which will be used to monitor the customer service experience for the member. This will include creating new KPIs to monitor performance of the Pension Fund.

On task for completion? Yes.

2.5 Investments, accountancy and cash flow management

Reference	Key action/task	2019/20			
		Q1	Q2	Q3	Q4
IA1	Continue development of the asset pool	✓G			✓
IA3	Implement the cash management policy	✓G			
IA10	Consider multi-fund investment strategies	✓G		✓	

2.5.1 IA1 - Continue development of the asset pool

Action - The ACCESS asset pool development is a long-term project currently focussed on establishing liquid asset sub-funds, with expansion into alternative asset classes in the later part of 2019/20.

Update -

- **Complete recruitment of the ACCESS Support Unit.** The position of Programme Director to the ACCESS Support Unit remains vacant following the withdrawal of the preferred candidate at the offer stage. Alternative options are now being considered.

On task for completion? Slippage into the next reporting period is expected.

- **Complete on boarding of tranches 3, 4 and 5 sub funds.** The ACCESS On-boarding Sub-group (OBSG) reported to the 18th March 2019 ACCESS Joint Committee that the programme delivery of these tranches is on target.

On task for completion? Yes.

- **Complete non listed / illiquid assets.** The ACCESS On-boarding Sub-group reported to the 18th March 2019 ACCESS Joint Committee that following receipt of legal advice the OBSG would undertake consultations with Fund managers on potential structures for the provision of the pooling of illiquid assets. A report will be submitted to the 11th June 2019 Joint Committee on progress to date.

On task for completion? Yes.

2.5.2 IA3 - Implement the cash management policy

Action – The Pension Fund Committee at the March 2019 meeting approved the Fund's revised cash management policy. Implementation of this policy includes the use of an online cash monitoring and management application.

Update – The Fund has implemented a treasury application (PS Live) which facilitates forecasting and monitoring fund bank balances, through known activities and trends for the financial year, updating with actual experiences as they arise. The enhanced process combined with regular monitoring of investment as well as funding cash pressures provides an oversight and management of cash to facilitate efficient deployment of surplus funds to investment. The 2018-19 financial year was modelled to inform the process which is now operating live in 2019-20.

On task for completion? Completed.

2.5.3 IA10 - Consider multi-fund investment strategies

Action - Following the introduction of HEAT, the Hymans Employer Asset Tracker, the Committee agreed to consider the introduction of multiple investment strategies that could take account of the varying requirements of different classes of scheme employer.

Update -

- **Develop proposal with professional advisors.** The Fund's Actuary Hymans has provided information for officers to consider, following which further consultations with the Fund's professional advisers will be undertaken to inform the Funding Strategy Statement for quarter 3.

On task for completion? Yes.

- **Funding Strategy Statement (FSS) to be approved by the Committee.** The Pension Fund Committee will be asked to approve the FSS in October 2019.

On task for completion? Yes.

3. Relevant Fund objectives

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

4. Risk Management

- 4.1 The Pensions 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 Pensions Committee and Local Pension Board at every meeting.
- 4.2 The risks associated with failing to monitor progress against the Business Plan have been captured in the Fund's risk register as detailed below.

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

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

5. Communication Implications

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

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

7. Legal Implications

- 7.1 Not applicable

8. Consultation with Key Advisers

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

9. Alternative Options Considered

- 9.1 Not applicable

10. Background Papers

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

11. Appendices

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

Checklist of Key Approvals	
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 30 th May 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 21 st May 2019
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers– 30 th May 2019
Has this report been cleared by Monitoring	Fiona McMillan – 29 th May 2019

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

Service Delivery

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

Governance and Compliance

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

Communications, Systems and Employer Management

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

Operations

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

Investments and fund accountancy

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

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Committee

Date: 13th June 2019

Report by: Head of Pensions

Subject:	Cambridgeshire Pension Fund – 2019/20 Communication Plan
Purpose of the Report	To present the Cambridgeshire Pension Fund Communication Plan for the 2019-20 scheme year to the Pension Fund Committee.
Recommendations	The Pension Fund Committee are asked to approve the Communication Plan located in appendix 1.
Enquiries to:	Name - Cory Blose – LGSS Employer Services and Systems Manager Tel – 01604 367264 E-mail – cblose@northamptonshire.gov.uk

1. Background

1.1 The Local Government Pension Scheme Regulations 2013 (The Regulations) requires the Pension Fund to prepare, maintain and publish a written statement setting out its policy concerning communications with members and scheme employers.

61. (1) *An administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with—*

- (a) *members;*
- (b) *representatives of members;*
- (c) *prospective members; and*
- (d) *Scheme employers.*

(2) *In particular the statement must set out its policy on—*

- (a) *the provision of information and publicity about the Scheme to members, representatives of members and Scheme employers;*
- (b) *the format, frequency and method of distributing such information or publicity; and*
- (c) *the promotion of the Scheme to prospective members and their employers.*

(3) The statement must be revised and published by the administering authority following a material change in their policy on any of the matters referred to in paragraph (2).

- 1.2 The enclosed Communication Plan forms part of that policy as required by the Regulations and sets out the communication activities for the 2019-20 scheme year.
- 1.3 The Communication Strategy is not due for review at this time. As a result the Plan has been separated from the Strategy for individual approval.
- 1.4 A Digital Communication Strategy outlining our approach to utilising digital communications will be submitted later on in the year.
- 1.5 The Pension Fund Committee is asked to approve the Communication Plan

2. The Communications Plan

- 2.1 The Communications Plan details the communication that we plan to send to the Fund's stakeholders, including:

Active scheme members
Deferred scheme members
Prospective scheme members
Retired scheme members
Dependant scheme members
Scheme employers
Fund staff

- 2.2 The plan sets firm deadlines for key communications, particularly annual benefit statements, notification of scheme changes, and other engagement activities.

3. 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 no 1)</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 no 3)</i>
Continually monitor and measure clearly articulated objectives through business planning. <i>(Objective no 4)</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>(Objective no 5)</i>
Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. <i>(Objective no 8)</i>
Promote the Scheme as a valuable benefit. <i>(Objective no 12)</i>

Deliver consistent plain English communications to Stakeholders. (Objective no 13)
Provide Scheme members with up to date information about the Scheme in order that they can make informed decisions about their benefits. (Objective no 14)

4. Risk Management

4.1 The Pension Fund Committee is responsible for ensuring a Communication Plan is in place and adhered to. The plan helps to ensure that statutory deadlines are met and stakeholders are aware of upcoming communications.

4.2 The risks associated with failing to have in place and monitor progress against the Communication Plan has been captured in the Fund risk register as detailed below –

Risk No	Risk	Residual risk rating
5	Information may not be provided to stakeholders as required.	Green
10	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	Green

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

5. Communication Implications

Website	The approved communication plan will be published on the LGSS Pensions website
Internal Communications	The approved communication plan will be distributed internally to officers.

6. Finance & Resource Implications

6.1 There are no direct finance and resource implications of approving this plan however, the communication activities themselves will have costs and resource application which will depend entirely on the final specification of each communication activity. The costs associated with delivering these activities have been built into the business plan.

7. Legal Implications

7.1 Not applicable

8. Consultation with Key Advisors

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

9. Alternative Options Considered.

9.1 Not applicable

10. Background Papers

10.1 Not applicable

11. Appendices

11.1 Appendix 1 – Cambridgeshire Pension Fund – 2019/20 Communications Plan

Checklist of Key Approvals	
Is this decision included in the Business Plan?	
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 30 th May 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 21 st May 19
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 30 th May 2019
Has this report been cleared by Legal Services?	Fiona McMillan - 29 th May 2019

Communication Plan 2019/20

MONTH	ACTIVITY						
	Active members	Scheme employers	Prospective member	Deferred members	Retired members	Dependant members	Fund staff
APR	Scheme change -same sex spouses & civil partners APC/ARC change communication Online pension account promotion Member hub user guide review Members' survey	Employers' forum invitations Employer training Year-end reminders APC/ARC change communication	Online pension account promotion Member hub user guide review	Scheme change – early payment pre April 1998 Scheme change -same sex spouses & civil partners Standard letter template review - deferred Members' survey	Scheme change -same sex spouses & civil partners Payslip – online pension account promotion Members' survey	Scheme change -same sex spouses & civil partners Payslip – online pension account promotion Members' survey	
MAY	Fire Scheme Newsletter Opt out fact sheet £95k exit payment cap consultation Member hub user guide review Standard letter template review - starters Members' survey	i-connect group 1 - online returns on-boarding & training – tranche A Employers' forums £95k exit payment cap consultation Employer newsletter Valuation communications CFO's valuation briefing	Scheme promotion fact sheet and poster Member hub user guide	Members' survey	Members' survey Payslip – online pension account promotion	Members' survey Payslip – online pension account promotion	

JUN	Website Plain English review Scheme change – Late retirement factors Standard letter template review – active retirement Members’ survey	i-connect group 1 - online returns on-boarding & training – tranche B Scheme change – Late retirement factors Employer Training Website plain English amends	Website Plain English Review	Electronic Annual Benefit Statements – LGPS Trial bulk email system e.g. Govdelivery Website Plain English Review Members’ survey	Website Plain English Review Members’ survey Standard letter template review – active retirement	Website Plain English Review Members’ survey	Committee report Plain English training Members’ survey
JUL	Standard letter template review – active retirement Online pension account promotion Members’ survey	i-connect group 1 - online returns on-boarding & training – tranche C i-connect group 2 - interface on-boarding Quarterly Newsletter Employer induction packs		Online pension account promotion Members’ survey	Members’ survey Standard letter template review – active retirement	Members’ survey	
AUG	Annual Benefit Statements - LGPS Fire Annual Benefit Statements* Newsletter – All schemes Members’ survey	i-connect group 1 - online returns on-boarding & training – tranche D i-connect group 3 - interface on-boarding		Annual Benefit Statements - Fire Newsletter Members’ survey	Members’ survey	Members’ survey	

SEPT	£95k cap – scheme specific consultation Standard letter template review - transfers in non LGPS Online pension account promotion Members’ survey	£95k cap – scheme specific consultation i-connect monthly returns project Employer Training	Scheme promotion factsheet and poster	Online pension account promotion Members’ survey	Members’ survey	Members’ survey	
OCT	Standard letter template review – transfers in non LGPS Members’ survey	i-connect monthly returns project Employer Training Employer survey		Members’ survey	Members’ survey	Members’ survey	Committee report
NOV	Standard letter template review – additional benefits Members’ survey	i-connect monthly returns project Employer newsletter Employer Training Employer survey		Members’ survey	Members’ survey	Members’ survey	
DEC	Annual reports & accounts Members’ survey	Employer forums i-connect monthly returns project Annual reports & accounts	Annual reports & accounts	Annual reports & accounts Standard letter template review – transfers out Members’ survey	Annual reports & accounts Members’ survey	Annual reports & accounts Members’ survey	Committee report Annual reports & accounts

		Funding strategy statement consultation Individual employers' evaluation results					
JAN	Online pension account promotion			Standard letter template review – transfers out			
FEB	Standard letter template review – deaths	Employer Training Quarterly Newsletter	Scheme promotion factsheet and poster	Standard letter template review - deaths	Standard letter template review - deaths		
MAR	Trial texting Promotion of self-service functionality Standard letter template review - deaths	Employer Forum Rates & adjustments certificates Valuation report		Standard letter template review - deaths	Newsletter – All schemes Standard letter template review – deaths Payslip – online pension promotion	Newsletter – All schemes Payslip – online pension promotion	Committee report
Ad hoc Comms	Website updates	Training Workshops Pension Bulletins Website updates Valuation Report (every 3 yrs)	Promotional Posters Website updates	Website updates	Website updates	Annual review of entitlement – May/June. Website updates	Website updates Pension Committees

*Must be an active scheme member as at 31 March in the financial year that the statement

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Committee

Date: 13th June 2019

Report by: Head of Pensions

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

1. Background

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

2. Data Improvement Plan Activities

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

	Data Improvement Activity	Purpose	Original timescale for action	Revised timescale	Comments
1	Resolution of awaiting entry records to correct membership status	To ensure that all members showing as awaiting entry are genuine, and to convert to the appropriate membership status where this is not the case.	1/4/19 - 31/3/20	1/9/19 – 31/3/20	Action rescheduled but no impact on completion date.
2	Rectification of pensions increase errors	To resolve inaccurate pensions in payment on the pensioner payroll due to incorrect Pensions Increase being applied.	1/12/18 – 28/2/19	1/4/19 – 31/8/19	Timescale for completion has been extended to allow for the completion of the activity number 8 as the financial impact in that activity is greater on both the Fund and the scheme member. Further detail provided in section 2.4.
3	Resolution of common data fails identified in the 2018 Data Audit	To resolve common data fails identified in the 2018 data audit.	1/1/19 – 31/3/19	1/1/19 – 31/7/19	Progress to date: 9.59% of common data errors resolved. This includes rectification of: Missing, temporary or invalid National Insurance Numbers. Missing or inconsistent forenames and initials. Missing or inconsistent gender. Duplicate National Insurance Numbers but different surname and/or date of birth. Progression of activities 1, 5 and 9 will further reduce the number of common data errors.
4	Resolution of scheme specific data fails identified in the 2018 Data Audit	To resolve scheme specific data fails identified in the 2018 data audit.	1/1/19 – 31/3/19	1/6/19 – 31/3/20	Timeline for completion of this activity has been delayed to allow for the completion of activity number 8 as the financial impact in that activity is greater on both the Fund and the scheme member. There are 10,720 scheme specific data errors. Progression of activities 1, 2 5 and 7 will reduce the number of scheme specific errors.

5	Resolution of unprocessed leaver records	To process all the unprocessed leaver benefits in accordance with the member's entitlement under the LGPS regulations.	New baseline agreed 1/1/19 – 31/12/20	Unchanged From new baseline	Further detail provided in section 2.2.
6	Contracted-out liabilities reconciliation	To compare contracted-out liabilities held on scheme records with that held by HMRC.	All queries to be submitted to HMRC by 31/12/18.	Deadline of submission of queries to HMRC achieved.	HMRC were scheduled to respond to queries by April 2018. This has now been extended to June 2019. This will change the timescales for activity and completion of activity 7. Percentage of queries outstanding with HMRC = 10% Percentage of queries to be resolved by HMRC = 3% Percentage of records fully reconciled = 87%
7	Contracted-out liabilities rectification	To correct any variances to pensions in payment as a result of activity 6	Contract awarded to ITM Limited to undertake this activity on 1 April 2019.	Completion is dependent on HMRC processing all remaining queries.	See activity 6. More information on timescales will be supplied once HMRC have responded to all queries.
8	Pensioner Payroll vs Pensions Administration reconciliation and rectification	To resolve variances in the amount of pension in payment on the pensioner payroll with that held on the administration record.	1/8/17 – 31/3/19	Project completed on 5/4/19	Further detail provided in section 2.3.
9	Member tracing and mortality screening	To ensure all membership records where a liability is held has a current or home address or is marked as gone away where attempts to trace the member have been unsuccessful.	Pending award of contract following procurement of a supplier of screening services via the National LGPS Frameworks	Contract to commence 3/6/19 following mini-competition.	4,739 members' address records have been cleansed to facilitate the effectiveness of the tracing. Updates will be provided on the effectiveness (including cost) on a regular basis.

2.2 Resolution of unprocessed leaver records

2.2.1 Progress to date on this activity is detailed in the tables below.

Activity description	Start Date	Due Date	Completed	Comments	RAG Status
Request missing leaving certificates from scheme employers (Single DB)	Jan 19	Apr 19	Complete		G
Request missing leaving certificates from scheme employers (Multi DB)	Jan 19	Feb 19	Complete		G
Process Multi DB casework.	May 19	Nov 19		To be processed by Aon Hewitt.	A
Request missing leaving certificates from scheme employers (Amalgamations)	Jun 19	Sep 19			G
Design processing solution for Amalgamation casework	Sep 19	Oct 19		Requires outcomes from Multi DB processing.	G
Process Amalgamation casework	Jan 20	Dec 20			G
Process remaining Refund and Single DB cases as leaving certificates received	Jan 19	Oct 19		Risk certificates remain outstanding from scheme employers	A

2.2.2 From the baseline position 999 unprocessed leaver cases have now been completed.

Benefit Type	Refunds	Deferred Benefit (single)	Deferred Benefit (multi)	Amalgamation	Total
Baseline	507	442	1,492	3,382	5,823
April 2019	297	280	1,276	2,971	4,824

2.3 Pensioner Payroll vs Pensions Administration reconciliation and rectification

2.3.1 During the initial reconciliation stage that ran between August and December 2017 1,123 out of the 1,614 initial variances were found to be correctly in payment, requiring only amendments to the administration record to correct the apparent variance.

2.3.2 The opening position for the rectification stage of the project which commenced in January 2018 was a total of 491 cases. During the rectification of the 491 cases 162 have been found to be correctly in payment leaving only 329 variances resulting in either an underpayment or overpayment of pension that required rectification.

2.3.3 The following tables provide further detail on the cases processed.

Initial Variances	1,614
Variances at commencement of rectification stage	491
Current Variances	329
Fully Reconciled	321
Variances Remaining	8

Overpayments		Underpayments	
Initial Variances	933	Initial Variances	681
Variances at commencement of rectification stage	236	Variances at commencement of rectification stage	255
Valid Variances	90	Valid Variances	239
Fully Reconciled	85	Fully Reconciled	236
Variances Remaining	5	Variances Remaining	3

Overpayment Recovery/Written Off	
Repaid in Full	3
Ongoing Deductions	32
Small Overpayment Written Off in line with Policy	13
Written Off due to interaction with contracted-out project	15
Written Off as member is deceased	1
Written Off due to the Limitation Act	1
Written Off following Internal Dispute Resolution Procedure	2
Correspondence Ongoing	16
IDRP Stage 2 Ongoing	2

2.3.4 The 8 cases yet to be reconciled will be dealt with under the contracted-out rectification project (activity number 7), due to their interaction with this project.

2.4 Rectification of pensions increase errors

The following tables provide detail on the cases processed.

	Records Affected	Members Affected
Initial Errors	605	348
Fully Reconciled	150	111
Overpayments Found	25	25
Underpayments Found	76	75
Errors Remaining	455	237

Overpayment Recovery/Written Off	
Ongoing Deductions	1
Small Overpayment Written Off in line with Policy	22
Written Off due to interaction with contracted-out project	1
Correspondence Ongoing	1

2.5 Resolution of common data fails identified in the 2018 Data Audit

The table below provides detail on the number of members that fail each test as reported in the Pensions Regulator mandatory annual return for 2018.

Data Fail	Errors	Investigated	Rectified	Comments
Missing/Temporary/ Invalid NI Number	644	644	62	232 further members written to requesting information.
Missing/Inconsistent Forename & Initial	19	19	19	
Missing/Inconsistent Gender	74	74	74	
Missing/Inconsistent Date of Birth	1	1	1	
Missing/Inconsistent Pensionable Service Start Date	773			618 of these records will be resolved following completion of activity 1, a further 15 in activity 5.
Missing Address	6,431	4,739 members' address records have been cleansed to facilitate the effectiveness of activity 9.		To be resolved following completion of activity 9.
Missing Postcode	2,880			
Duplicate NI Number, Different Surname and/or Date of Birth	235	235	178	
Unprocessed Leaver Records	8,427	To be processed in activity 5 detailed in section 2.2		8,171 of these records had no other Common Data fails.
Awaiting Entry Records	786	To be processed in activity 1.		48 of these records had no other Common Data fails.

2.6 Resolution of scheme specific data fails identified in the 2018 Data Audit

The table below provides detail on the number of members to fail each test.

Data Fail	Errors	Comments
Missing Salary for one of last 5 periods	1,520	No impact on the amount of pension in payment.
Missing/Inconsistent Date of Leaving	1,296	No impact on the amount of pension in payment.
Missing/Inconsistent Preserved Pre 88 and Post 88 GMP	3,884	To be resolved following completion of activities 6 & 7.
Missing Spouse Pension for In- Payment Members	3,076	No impact on the amount of pension in payment.
Missing/Inconsistent In-Payment Pre 88 and Post 88 GMP	4,934	To be resolved following completion of activities 6 & 7.
Missing Dependant Pension	1,412	No impact on pension in payment as the data is missing from a field that does not affect this.

There are a further 28 issues with smaller volumes of records affected in each category, totalling 2,500 errors.

3. Relevant Fund objectives

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

4. Risk Management

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

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

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

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

5. Communication Implications

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

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

7. Legal Implications

7.1 Not applicable

8. Consultation with Key Advisers

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

9. Alternative Options Considered

9.1 Not applicable

10. Background Papers

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

11. Appendices

11.1 Appendix 1 – Data Improvement Activities

Checklist of Key Approvals	
Is this decision included in the Business Plan?	No
Will further decisions be required? If so, please outline the timetable here	No
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 30 th May 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 23 rd May 2019
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 30 th May 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 29 th May 2019

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

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

Appendix 4 – Valuation Update Report

Agenda Item No

CAMBRIDGESHIRE PENSION FUND



Pension Fund Committee

13th June 2019

Report by: Head of Pensions

Subject:	Valuation of the Fund
Purpose of the Report	To provide the Pension Fund Committee with an update on the Pension Fund valuation.
Recommendations	That the Committee note the valuation update.
Enquiries to:	Name - Cory Blose – Employer Services and Systems Manager Tel – 07990560829 E-mail – cblose@northamptonshire.gov.uk

1. Background

- 1.1 Fund officers are currently working on a number of activities with the Scheme Actuary to complete the valuation of the Pension Fund. This work will continue throughout the 2019/2020 scheme year, culminating with the publishing of the valuation report and rates and adjustments certificate by 31 March 2020.
- 1.2 The Scheme Actuary will be providing a presentation to the Committee which will provide an update on various aspects of the Pension Fund Valuation.

2. Contents of the Presentation

Overview of the Funding Strategy Statement

- 2.1 The Funding Strategy Statement is a policy document that details how different types of employer will be treated within the Fund. The actuary will provide an overview of the Funding Strategy Statement, explaining what the document is, why the Fund needs to have one and the key issues involved with drafting the statement.

Contribution rates for the large scheduled bodies

- 2.2 The contribution rates for large scheduled bodies in the Fund, the large Councils plus Police and Fire services are assessed and set separately to other employers due to their long term and more secure status in the Fund. The actuary will provide an overview of this assessment and the results.

Employer Pooling

- 2.3 The Cambridgeshire Pension Fund has two employer pools. A small admitted bodies pool and a designating bodies pool. These pools were set up to provide protection for small employers against large funding shocks such as ill health strain costs and death in service. The pools were constructed to ensure that only employers of a similar nature were pooled together.
- 2.4 Over time, alternative arrangements have been put in place to protect against ill health retirement strain costs. This, along with the cross subsidy inherent in pooling arrangements, raises questions over the justification of continuing with these pooling arrangements. The Actuary has carried out an assessment of these pools so a decision can be made over the justification and viability of either continuing or discontinuing the pooling arrangements. The actuary will present an overview of these assessments and the options available.
- 2.5 The Committee is not asked to make a decision over the pooling arrangements at this time. The results of the assessment are being considered by officers who will consult with the affected employers and include the intended future policy in the Funding Strategy Statement, which the Committee will be asked to approve in October.

3. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. (Objective no 1)
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. (Objective 2)
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. (Objective no 3)
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. (Objective no 5)
Ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer. (Objective no 9)
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund. (Objective no 15)

4. Risk Management

- 4.1 The Fund carries out an actuarial valuation every three years. The Pension Committee and Local Pension Board are expected to be involved in this process and make informed decisions where necessary.
- 4.2 The risks associated with failing to be involved in the process and make required decisions have been captured in the Fund's risk register as detailed below.

Risk No	Risk	Residual risk rating
7	Those charged with the governance of the Fund are unable to fulfil their responsibilities effectively.	Green
16	Failure to provide relevant information to the Committee and Board to enable informed decision making.	Green
19	Failure to act upon expert advice and/or risk of poor advice.	Green
20	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met.	Green

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

5. Communication Implications

Direct Communications	Not applicable
Website	Not applicable

6. Finance and Resources Implications

- 6.1 None

7. Legal Implications

- 7.1 Not applicable

8. Consultation with Key Advisers

- 8.1 Consultation with the Scheme Actuary was undertaken for this report.

9. Alternative Options Considered

- 9.1 Not applicable

10. Background Papers

- 10.1 Not applicable

Checklist of Key Approvals	
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 30 th May 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 21 st May 2019
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 30 th May 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 29 th May 2019

Cambridgeshire Pension Fund Board

Annual Report 2018-19

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Chairman's Foreword

It is my pleasure, as Chairman of the Cambridgeshire Pension Fund Board, to introduce the fourth Cambridgeshire Pension Fund Board Annual Report, for 2018-19. The Board was established in accordance with the Public Service Pensions Act 2013. Our task is to assist Cambridgeshire County Council by making sure it is administering the Local Government Pension Scheme effectively and efficiently, and is compliant with the law.

I was delighted to be appointed Chairman by the Board for a second year. As Chairman, I am keen for the Board to continue to work hard to protect both the interests of the Pension Fund and its members. One example of this is the dementia training undertaken by Pension Fund staff to effectively and appropriately engage with members with this condition. We suggested that the Communications Strategy should include advice to Scheme members to ensure they have appropriate arrangements in place with regards to their pension so that the next of kin or representative can make the necessary arrangements at the appropriate time.

Again in considering the interests of the Pension Fund and especially its members, we were concerned to hear of cold-calls from fraudsters claiming to be from the Pensions Regulator, and as such requested that warning information be made more prominent on the Pension Fund website.

Aon, the Fund's governance consultants undertook a review of whether the Local Pension Board was fulfilling its role to support the Administering Authority in meeting its regulatory requirements. Sixteen key areas were reviewed under the categories of governance structure, knowledge and skills and behaviour. I am pleased to report that there were no negatives arising from this review, with the report concluding that we undertook our roles and responsibilities in an effective manner with all of us engaged and overall showing good participation.

I am confident that the dedication and commitment of the Board members will continue into 2019-20 in order to assist Cambridgeshire County Council in maintaining the high standards of the administration of the Fund. This commitment is demonstrated by the exceptionally high attendance at meetings this last year, and the Board's endorsement of the re-appointment of the three Scheme Member representatives, who with their significant experience will ensure the views of members continue to be well represented.

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

Councillor Simon King
Chairman of Cambridgeshire Local Pension Board

Background

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

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

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

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

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

Role and Remit

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

Governance Compliance Statement

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

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

Constitution and Membership

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

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

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




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

The membership of the Board is as set out overleaf:

Employer Representatives

		
Councillor Simon King Employer Representative	Councillor Elisa Meschini Employer Representative	Councillor Denis Payne Employer Representative
Cambridgeshire County Council Conservative Group	Cambridgeshire County Council Labour Group	Histon and Impington Parish Councillor
Simon.King@cambridgeshire.gov.uk	elisa.meschini@cambridgeshire.gov.uk	cllr.denis.payne@gmail.com
Appointed: 23 May 2017	Appointed: 15 May 2018	Appointed: 3 February 2017

Scheme Member Representatives

		
David Brooks Scheme Member Representative	Barry O'Sullivan Scheme Member Representative	John Stokes Scheme Member Representative
Former Vice- Principal – Business of The Thomas Deacon Academy	Cambridgeshire County Council Customer Service Advisor	Former Senior Architectural Technologist
David.jf.brooks@talk21.com	Barry.O'Sullivan@cambridgeshire.gov.uk	johnstokes@btinternet.com
Appointed: 21 October 2015	Appointed: 16 July 2015	Appointed: 16 July 2015

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

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

The Board has met four times during the period of this Annual Report.

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

Employer Representatives				Scheme Member Representatives		
Date	Cllr Simon King	Cllr Elisa Meschini	Cllr Denis Payne	David Brooks	Barry O'Sullivan	John Stokes
6 July 2018	Attended	Attended	Attended	Attended	Attended	Attended
19 October 2018	Attended	Attended	Attended	Attended	Attended	Attended
15 February 2019	Attended	Attended	Attended	Attended	Attended	Attended
3 May 2019	Attended	Attended	Attended	Attended	Apologies	Attended

Code of Conduct and Conflicts Policy

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

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

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

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

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

It is not anticipated that significant conflicts of interest will arise in the same way as would be the case if the Board was making decisions on a regular basis (compared, for example, to a Pension Fund Committee). However, officers will take steps to identify, monitor and manage conflicts effectively. At its meeting on 20 April 2018, the Board agreed a formal Pension Fund Conflicts of Interest Policy, under which a register of conflicts of interest will be maintained and published on the administering authority's website.

Knowledge and Understanding

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

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

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

Cambridgeshire County Council (the Administering Authority) is required to make appropriate training to Local Pension Board members to assist them in undertaking their role and where possible support all members of the Board in undertaking that training. The Board approved a Knowledge and Understanding Policy Framework for Cambridgeshire Pension Fund Board Members at its meeting on 21 October 2015.

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

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

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

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

Member	Event	Date
Cllr Simon King <i>[Appointed 23 May 2017]</i>	Statutory and non-statutory policies – training item Cross Pool Open Forum CIPFA Training Day Introduction to the LGPS Completion of the Pension Regulator's Toolkit Internal Dispute Resolution Procedure Investment Presentation Cyber Resilience	23/2/2018 27/3/2018 9/5/2018 26/9/2018 29/9/2018 15/2/2019 15/2/2019 3/5/2019
Cllr Elisa Meschini <i>[Appointed 15 May 2018]</i>	CIPFA Training Day Internal Dispute Resolution Procedure Investment Presentation Cyber Resilience	4/7/2018 15/2/2019 15/2/2019 3/5/2019
Cllr Denis Payne <i>[Appointed 3 February 2017]</i>	Completion of the Pension Regulator's Toolkit Training Needs Analysis Local Pension Board Two Years on Seminar Pension Information Day LGC Investment Summit Pension Information Day Pension Information Day Employers Forum Pension Information Day Statutory and non-statutory policies – training item Local Pension Board three Years on Seminar CIPFA Training Day LGC Investment Summit Internal Dispute Resolution Procedure Investment Presentation Cyber Resilience PLSA Local Authority Conference	28/2/2017 7/3/2017 28/6/2017 5/7/2017 7/9/2017 6/10/2017 22/11/2017 29/11/2017 7/2/2018 23/2/2018 27/6/2018 9/5/2018 7/9/2018 15/2/2019 15/2/2019 3/5/2019 13/5/2019
Barry O'Sullivan <i>[Appointed 16 July 2015]</i>	LGA Local Pension Board Training LGSS Joint Local Pension Board Training UBS First Steps UBS Second Steps LGSS Valuation Training Local Pension Board Seminar Pension Ombudsman Case Study - Training item Completion of the Pension Regulator's Toolkit LGC Investment Seminar Local Pension Board Two years on Seminar Pension Information Day	21/05/2015 1/09/2015 3/11/2015 3/11/2015 3/02/2016 29/6/2016 22/7/2016 2016 3/2/2017 28/6/2017 5/7/2017

	Unison Eastern Regional pensions forum National LGPS Seminar Pension Information Day Pension Information Day Training Needs Analysis National LGPS Seminar Statutory and non-statutory policies – training item CIPFA Training CIPFA Training LGC Investment Summit UNISON LGPS Seminar Internal Dispute Resolution Procedure Investment Presentation	22/9/2017 10/1/2018 6/10/2017 22/11/2017 6/12/2017 10/1/2018 23/2/2018 9/5/2018 4/7/2018 6/9/2018 11/12/2018 15/2/2019 15/2/2019
John Stokes <i>[Appointed 16 July 2015]</i>	LGA Local Pension Board Training LGSS Joint Local Pension Board Training LGSS Pensions Liability Driven Investment & Passive Investment Training Day LGSS Valuation Training Completion of the Pension Regulator's Toolkit Schroders Trustee Training Pension Ombudsman Case Study - Training item LGC Investment Seminar Local Pension Board 2 Years on Seminar LGC Investment Summit Pension Information Day Pension Information Day Training Needs Analysis LAPFF Conference CIPFA Training CIPFA Training LAPFF Conference LGPS Governance Conference Internal Dispute Resolution Procedure Investment Presentation Cyber Resilience	21/05/2015 1/09/2015 27/10/2015 3/2/2016 10/6/2016 22/7/2016 2/3/2017 28/6/2017 7/9/2017 6/10/2017 22/11/2017 6/12/2017 6/12/2017 9/5/2018 12/9/2018 5/12/2018 17/1/2019 15/2/2019 15/2/2019 3/5/2019
David Brooks <i>[Appointed 21 October 2015]</i>	Completion of the Pension Regulator's Toolkit Pension Ombudsman Case Study - Training item 14th Annual Trustee Conference Pension Information Day Training Needs Analysis Statutory and non-statutory policies – training item CIPFA Training CIPFA Training Internal Dispute Resolution Procedure Investment Presentation Cyber Resilience	17/2/2016 22/6/2016 29/6/2017 6/10/2017 6/12/2017 23/2/2018 9/5/2018 12/9/2018 15/2/2019 15/2/2019 3/5/2019

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

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

In October 2018, the Board had opportunity to feed into the proposed Training Strategy and in December 2018 this was approved by the Pension Fund Committee. The Strategy is based on a training credits concept reflecting a mix of training from e-learning to training days which recognises people's commitments.

Reporting Breaches of the Law to the Pensions Regulator Policy

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

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

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

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

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

As the Cambridgeshire Pension Fund Board does not have decision making powers, the Board is not able to approve this policy. Instead it reviewed the Policy on 21st October 2015 before it was approved by the Pension Fund Committee at its meeting on 22nd October 2015. It also reviewed the policy on 6th July 2018 recommending changes to the Pension Fund Committee.

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

<https://pensions.northamptonshire.gov.uk/app/uploads/2018/12/Reporting-Breaches-of-the-Law-to-the-Pensions-Regulator-Policy-2018-Cambridgeshire.pdf>

Work Programme 2018-19

The Cambridgeshire Local Pension Fund Board has met four times in 2018-19, on 6th July 2018, 19th October 2018, 15th February 2019 and 3rd May 2019.

Board Meeting – 6th July 2018

This was the first meeting of the Board in the municipal year. At the meeting, the Board considered a report on the administration performance of the LGSS Pensions Service, and took a particular interest in any late payments to the Cambridgeshire Pension Fund.

The Board reviewed progress made on the key Fund activities during the first quarter of the 2018-19 Business Plan, as approved by the Pension Fund Committee. Members noted that dementia training and advice would be given to Pension Fund staff, as with most people living longer there was a greater likelihood of developing dementia. The Board suggested that the Communications Strategy should include advice to Scheme members to ensure they have appropriate arrangements in place with regards to their pension so that the next of kin or representative can make the necessary arrangements at the appropriate time.

Recommendations were made to the Pension Fund Committee as part of the Review of the Reporting Breaches of the Law to the Pension Regulator Policy.

The Board also considered reports on Governance and Compliance, Cambridgeshire Pension Fund 2018-19 Communication Plan, revised Overpayment of Pension Policy, the Investment Strategy Statement, the Overseas Pension Proof of Existence Exercise and an update on ACCESS Asset pooling.

Board Meeting – 19th October 2018

The Board discussed the Pension Fund Annual Business Plan Update Report 2018-19. Members were particularly keen to understand the Scheme Member experience, and were pressing for the self-service system to be available. There was concern expressed when considering the Governance and Compliance report regarding cold-calls from fraudsters claiming to be from the Pensions Regulator, the Board requested that warning information should be made more prominent on the Pension Fund website.

Members reviewed the Cambridgeshire Pension Fund Training Strategy 2018. A significant change to the Strategy was the removal of the Knowledge Assessments test. The Board also considered the Draft Annual Report and Statement of Accounts of the Pension Fund Committee for 2017-18, and was keen to consider measures being taken to improve performance. As such, the Board agreed to invite the Chairman of the Investment Sub-Committee to its next meeting to report on performance.

Members also received reports on Administration Performance, the Cambridgeshire Pension Fund Data Improvement Policy and Plan, Risk Monitoring, the appointment of an Independent Investment Manager and an update on Asset Pooling.

Board Meeting – 15th February 2019

The Board welcomed Councillor Terry Rogers, the Chairman of both the Pension Fund Committee and the Pension Fund Investment Sub-Committee, to its meeting. Members asked him a number of questions on the Investment Strategy and ACCESS Pooling. The Board was also updated on the Pension Fund Business Plan, and expressed the hope that the appointment of a Communications Manager would make a difference to the number of active and deferred membership taking up self-service.

The Board received a report on a review of its effectiveness. The purpose of the review had been to establish whether, based on Aon's observations, the Local Pension Board was fulfilling its role to support the Administering Authority in meeting its regulatory requirements. Sixteen key areas were reviewed under the categories of governance structure, knowledge and skills and behaviour. There were no negatives arising from the review, with the report concluding that the Board undertook its roles and responsibilities in an effective manner with its Members engaged and overall showing good participation. A number of areas were recommended by Aon as suggestions to improve the effectiveness of the Board.

Members also received reports on Administration Performance, Governance and Compliance, Data Improvement, Risk Strategy and Risk Register, Internal Dispute Resolution Procedure, Valuation of Pension Fund, and Asset Pooling.

Board Meeting – 3rd May 2019

The Board considered the feedback on the results of its effectiveness review survey. In January 2019, the Board members were invited to complete a new survey on the adequacy of the current arrangements and how efficiently the Board was operating. Conclusions drawn from the Survey were that the effectiveness of the Pension Board was positive as a whole with the majority of members agreeing with the statements provided and with the Board having no areas of particular concern.

When considering the Cambridgeshire Pension Fund Internal Audit Report and External Audit Plan Ended 31 March 2019, Members were pleased to note that the Service had received the highest level of assurance in most areas (substantial for both the Control Environment and Compliance). The Board considered the re-appointment of the Scheme Members and agreed to recommend their re-appointment to the County Council's Monitoring Officer.

Members also received reports on Governance and Compliance, Risk Monitoring, Investment and Fund Accounting Reports presented to the Pension Fund Committee, Administration Performance, Data Improvement Plan Progress Report, Pension Fund Annual Business Plan Update report 2018-19, Annual Business Plan and Medium Term Strategy 2019-20 to 2021-22, Cambridgeshire Pension Fund Effectiveness Review Actions, Valuation of the Pension Fund and Asset Pooling.

Work Programme 2019-20

The Cambridgeshire Local Pension Board maintains a work programme (agenda plan) which is considered at every meeting. The Work Programme for 2019-20 is as set out below:

5 July 2019

- Annual Report of the Board
- Administration Report (every meeting)
- Data Improvement Plan Update (every meeting)
- Business Plan Update (every meeting)
- Governance and Compliance Report (every meeting)
- Risk Monitoring (every meeting)
- Valuation Update (every meeting)
- Asset Pooling (every meeting)
- Dormancy Policy
- Communication Plan

4 October 2019

- Administration Report (every meeting)
- Data Improvement Plan Update (every meeting)
- Business Plan Update (every meeting)
- Governance and Compliance Report (every meeting)
- Risk Monitoring (every meeting)
- Valuation Update (every meeting)
- Asset Pooling (every meeting)
- Funding Strategy Statement
- Admitted Bodies, Scheme Employers and Bulk Transfer Policy
- Actuarial Valuation Report
- Annual Report and Statement of Accounts
- Anti-Fraud and Corruption Policy (subject to material change)

24 January 2020


- Administration Report (every meeting)
- Data Improvement Plan Update (every meeting)
- Business Plan Update (every meeting)
- Governance and Compliance Report (every meeting)
- Risk Monitoring (every meeting)
- Valuation Update (every meeting)
- Asset Pooling (every meeting)
- Administration Strategy
- Communication Strategy

24 April 2020

- Administration Report (every meeting)
- Data Improvement Plan Update (every meeting)
- Business Plan Update (every meeting)
- Governance and Compliance Report (every meeting)
- Risk Monitoring (every meeting)
- Valuation Update (every meeting)
- Asset Pooling (every meeting)
- Governance Policy and Compliance Statement (subject to material change)
- Payment of Employee and Employer Contributions Policy (subject to material change)
- Business Plan and Medium Term Strategy

Key Officers supporting the Local Pension Board

Head of Pensions	Mark Whitby MWhitby@northamptonshire.gov.uk 01604 366537
Governance & Regulations Manager	Joanne Walton JWalton@northamptonshire.gov.uk 01604 366537
Governance Officer	Michelle Oakensen MOakensen@northamptonshire.gov.uk 01604 366537
Democratic Services Manager	Michelle Rowe michelle.rowe@cambridgeshire.gov.uk 01223 699180
Democratic Services Officer	Rob Sanderson rob.sanderson@cambridgeshire.gov.uk 01223 699181

CAMBRIDGESHIRE PENSION FUND BOARD AGENDA PLAN	Created April 2019	 Cambridgeshire County Council
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Meeting date	Agenda item	Lead officer	Deadline for draft reports	Agenda despatch date
05/07/2019	Minutes 3/5/19 and Action Log	R Sanderson/J Walton	24/06/2019	
	Administration Report [standing item]	M Oakensen		
	Data Improvement Plan Update [standing item]	J Walton		
	Business Plan Update [standing item]	J Walton		
	Governance and Compliance Report [standing item, to include policy monitoring]	J Walton		
	Risk Monitoring	M Oakensen		
	Valuation Update [current standing item]	C Blose		
	Asset Pooling [current standing item]	P Tysoe		
	Managing and monitoring the performance of outsourced providers	J Walton		
	Communication Plan (post scrutiny)	C Blose		
	Pension Committee Minutes 13/6/19	R Sanderson/J Walton		
04/10/2019	Minutes 05/07/19 and Action Log	R Sanderson/J Walton	23/09/2019	
	Administration Report [standing item]	M Oakensen		

Meeting date	Agenda item	Lead officer	Deadline for draft reports	Agenda despatch date
	Data Improvement Plan Update [standing item]	J Walton		
	Business Plan Update [standing item]	J Walton		
	Governance and Compliance Report [standing item, to include policy monitoring]	J Walton		
	Risk Monitoring	M Oakensen		
	Valuation Update [current standing item]	C Blose		
	Asset Pooling [current standing item]	P Tysoe		
	Funding Strategy Statement (pre scrutiny – feedback verbally to the Committee due to time constraints)	C Blose		
	Admitted bodies, Scheme Employers and Bulk Transfer Policy (pre scrutiny feedback verbally to the Committee due to time constraints)	C Blose		
	Actuarial Valuation Report	C Blose		
	Annual Report and Statement of Accounts (post scrutiny)	P Tysoe		
	Dormancy Policy (pre scrutiny)	M Oakensen		
	Anti-Fraud and Corruption Policy (pre scrutiny) – if applicable	M Oakensen		
	Pension Committee Minutes 25/7/19	R Sanderson/ J Walton		
24/1/2020	Minutes 04/10/19 and Action Log	R Sanderson/J Walton	13/1/2020	
	Administration Report [standing item]	M Oakensen		
	Data Improvement Plan Update [standing item]	J Walton		
	Business Plan Update [standing item]	J Walton		

Meeting date	Agenda item	Lead officer	Deadline for draft reports	Agenda despatch date
	Governance and Compliance Report [standing item, to include policy monitoring]	J Walton		
	Risk Monitoring	M Oakensen		
	Valuation Update [current standing item]	C Blose		
	Asset Pooling [current standing item]	P Tysoe		
	Administration Strategy (pre scrutiny)	C Blose		
	Communication Strategy (post scrutiny)	C Blose		
	Pension Committee Minutes 10/10/19 & 12/12/19	R Sanderson/ J Walton		
24/4/2020	Minutes 24/1/20 and Action Log	R Sanderson/J Walton	14/4/2020	
	Administration Report [standing item]	M Oakensen		
	Data Improvement Plan Update [standing item]	J Walton		
	Business Plan Update [standing item]	J Walton		
	Governance and Compliance Report [standing item, to include policy monitoring]	J Walton		
	Risk Monitoring [standing item]	M Oakensen		
	Valuation Update [current standing item]	C Blose		
	Asset Pooling [current standing item]	P Tysoe		
	Governance Policy and Compliance Statement (pre scrutiny) – if applicable	J Walton		
	Payment of Employee and Employer Contributions Policy (pre scrutiny) – if applicable	M Oakensen		

Meeting date	Agenda item	Lead officer	Deadline for draft reports	Agenda despatch date
	Business Plan and Medium Term Strategy	J Walton		
	Pension Committee Minutes 19/3/20	R Sanderson/ J Walton		