

**Friday, 23 April 2021**

**Democratic and Members' Services**  
Fiona McMillan  
Monitoring Officer

**10:00**

Shire Hall  
Castle Hill  
Cambridge  
CB3 0AP

### **COVID-19**

During the Covid-19 pandemic Council and Committee meetings will be held virtually for Committee members and for members of the public who wish to participate. These meetings will be held via Zoom and Microsoft Teams (for confidential or exempt items). For more information please contact the clerk for the meeting (details provided below).

## **AGENDA**

**Open to Public and Press**

### **CONSTITUTIONAL MATTERS**

- 1 Apologies for absence and declarations of interest**  
*Guidance on declaring interests is available at <http://tinyurl.com/ccc-conduct-code>*
- 2 a) Pension Fund Board Minutes 21st February** **5 - 12**
- b) Action Log** **13 - 16**
- c) Minutes - Pension Fund Committee 25th March 2021**
  - Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- d) CONFIDENTIAL Pension Investment Sub-Committee Minutes**  
**18/02/21**

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

### 3. Petitions and Public Questions

#### DECISIONS

- |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |           |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 4.  | <b>Administration Report</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 17 - 24   |
| 5.  | <b>Risk Monitoring Report</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 25 - 42   |
| 6.  | <b>Business Plan Update</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 43 - 54   |
| 7.  | <b>Business Plan 2021-2022</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 55 - 82   |
| 8.  | <b>Effectiveness Review</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 83 - 92   |
| 9.  | <b>Governance and Compliance Report</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 93 - 102  |
| 10. | <b>Agenda Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 103 - 104 |
| 11. | <b>Exclusion of Press and Public</b><br><i>To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraphs 1 &amp; 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 any individual, and information relating to the financial or business affairs of any particular person (including the authority holding that information)</i> |           |
| 12. | <b>CONFIDENTIAL Asset Pooling Update</b> <ul style="list-style-type: none"> <li>• Information relating to the financial or business affairs of any particular person (including the authority holding that information);</li> </ul>                                                                                                                                                                                                                                                                                                                   |           |

The Cambridgeshire Pension Fund Board comprises the following members:

Councillor Simon King (Chairman) Mr Barry O'Sullivan (Vice-Chairman) Mr Martin Dachs Val Limb and Councillor Denis Payne and Councillor Elisa Meschini

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

Clerk Name: Rhiannon Leighton

Clerk Telephone: 01223 728170

Clerk Email: [rhiannon.leighton@cambridgeshire.gov.uk](mailto:rhiannon.leighton@cambridgeshire.gov.uk)



# Cambridgeshire Local Pension Fund Board: Minutes

Date: Monday 22<sup>nd</sup> February 2021

Time: 10:00 a.m to 11:47 am

Present: Employer Representatives – County Councillors Simon King (Chairman), Elisa Meschini, and Parish Councillor Dennis Payne

Scheme Member Representatives – Val Limb, Barry O’Sullivan (Vice Chairman) and John Stokes

Officers in attendance – Cory Blose (Employer Services and Systems Manager), Rhiannon Leighton (Democratic Services Assistant), Michelle Oakensen (Governance Officer), Daniel Snowdon (Democratic Services Officer), Paul Tysoe (Investment Manager) Jo Walton (Governance and Regulations Manager), Mark Whitby (Head of Pensions).

The Chairman informed the Board that this was John Stokes final meeting and that, following Mr Stokes resignation, Martin Dachs had been accepted onto the Board. Val Limb was also welcomed as a new member.

Board members commented on the benefit of determining substitute Members during recruitment.

## 176. Apologies for Absence and Declarations of Interest

There were no apologies for absence or declarations of interest.

## 177. Local Pension Fund Board Minutes - 6th November 2020

The minutes from the meeting of the Local Pension Fund Board on the 6<sup>th</sup> November 2020 were approved pending the corrected spelling of Cllr Payne’s forename, and the capitalisation of Dawn Cave’s surname in item 175.

## 178. Action Log

Members noted the Action Log.

## 179. Minutes of the Pension Fund Committee - 8<sup>th</sup> December 2020

The public and confidential minutes of the Pension Fund Committee were noted.

## 180. Forward Agenda Plan

The Forward Agenda Plan was noted. The next meeting of the Local Pension Fund Board will occur on the 23rd April 2021.

## 181. Re-Appointment of Employer Representative to the Board

The Board received a report addressing the need for the appointment of an employer representative to the Board. The current term of office expired in February.

Members paid tribute to Councillor Payne's contribution to the Cambridgeshire Pension Fund Board thus far, expressing pleasure that he would continue.

It was resolved unanimously to:

- a) Appoint Councillor Denis Payne for a further four-year term as an employer representative on the Pension Fund Board.
- b) Look to undertake an exercise in July 2021 to seek an employer representative substitute.

## 182. Pension Fund Annual Business Plan Update Report

The Board received a report detailing the Business Plan Update for Period 1, October 2020 to 31 January 2021. The reporting officer highlighted key points in the report.

- Section 3.1.2, Cyber-crimes, Cyber-resilience Activity: The officer informed Members that Cambridgeshire Pension Fund had successfully undertaken an AON scorecard assessment. The officer reported that an action plan will be developed using feedback from the AON assessment and in consultation with Aon's cyber team. The plan would be completed by the end of the current scheme year and include the targeting of specific areas including the movement of information. The reporting officer concluded that the Cambridgeshire Pension Fund was level with local authority funds, but that the action plan would allow it to excel.
- Section 3.4.1, Unprocessed Leavers: It was explained that the number of unprocessed leavers outstanding had remained static, and was expected to remain so, as a result of various factors including the pandemic. Going forward officers were going to classify backlog unprocessed leavers as those more than six months since notification. However, Members were also encouraged to note that a baseline of 3000-4000 unprocessed

leavers was typical. This was caused by seasonal data influxes and waiting on clarifications from scheme employers.

Officers also highlighted that they had most employers onto monthly processing through i-connect. This increased activity.

- Section 3.5.4, The Responsible Investment Strategy: The officer stated that the latest draft of the strategy would be presented to the Pension Fund Committee in March, following approval from the Pension Fund Investment Sub-Committee. The officer explained that the strategy aligned with feedback received from the Pension Fund Committee and the Local Pension Fund Board with regards to responsible investment beliefs and included progressing financial related climate disclosures and the signing up to the stewardship code.
- Section 3.1.1, Business Continuity Plan [BCP]: In October 2020, Aquila Heywood undertook penetration testing of the BCP for the connectivity, functionality, and business as usual activities (BAU) of the service. Officers were pleased to announce this had been successful, however, a full report would only be offered by Heywood as part of the Disaster Recovery Test which would occur in May 2021.

In response to Members' questions, officers stated that:

- They had increased BAU resources and that they are expecting to propose further increases in April 2021, pending an evaluation of the resources required to fund McCloud and reduce the backlog of unprocessed leavers.
- With regard to Section 3.3.3 of the report, Multiple Investment Strategies, investigation into the Fund was ongoing. Resources were agreed in the last paper to allow for further actuarial work with Hymans Robertson which would evaluate the impact of strategies on employers.
- With regard to the Responsible Investment Policy, a questionnaire to establish responsible investment beliefs was provided and agreed by the Pension Committee and the Local Pension Fund Board. The RI Policy would be issued for consultation to all stake holders and pressure groups.
- With regard to section 3.2.1 of the report, enough time had been granted to complete the guaranteed minimum pension rectification as efforts would be concentrated.
- GC4 was missing from the paper due to error in publication. Officers explained that the software provider was going to be used for data scoring, having previously used ITM (an external company). In future, it was expected that this would become internal administration function.

It was resolved to note the Business Plan Update to 31 January 2021.

The Board received a report demonstrating several key areas of administration performance for consideration. The reporting officer brought members attention to various sections of the report.

Section 2, Key Performance Indicators [KPIs]: It was noted that the single red KPI rating reported between 1st October 2020 and 31st January 2021 had recovered. The cause of this rating was explained in the report.

Section 3, Receipt of Employee and Employer Contributions: The officer was pleased to inform members that all employee and employer contributions had been paid in on time in October and November.

Section 5, Internal Dispute Resolution Procedure: The officer established that across LGPS schemes, there was an increase of applications for compensation or reinstatement of benefits following a transfer out of the Fund. This occurred when schemes that individuals had transferred into had failed to meet expectations or could be viewed as a scam. The officer reported of one related case in the Cambridgeshire Pension Fund, which could be viewed in section 5.2 of the report. The case had been investigated for over a year and legal advice had been sought. The reporting officer expected a full response would be delivered by 5<sup>th</sup> March 2021.

In response to Members' questions, officers clarified that, while the RAG indicator had been red in October, this was no longer the case. The October rating had been caused by an incorrect prioritisation of cases which had now been rectified. As a result, ratings for January had been amber, and for November and December had been green.

It was resolved to note the Administration Performance Report.

## 184. Governance and Compliance Report

The Board received a report informing Members of the following: The public sector exit cap; the activities of The Pensions Regulator; future developments; and skills and knowledge opportunities.

Section 1, The Public Sector Exit Cap: Immediate attention was drawn to the impact of the revocation of the Exit Cap legislation on section 1 of the report. The officer expected the revocation will be passed as law, and that a revised version of the exit cap would be reintroduced later in the year. The Cambridgeshire Pension Fund had reacted in accordance with the changes. In Cambridgeshire no known cases were processed with benefits restricted under the £95,000 cap between 4th November 2020 and 12th February 2020. Therefore, the officer expected that no payments would need to be rectified.

Section 2, The Activities of The Pensions Regulator [TPR]: After expressing concerns over the increasing number of pension scams, TPR introduced a pledge for pension schemes to sign up to in order to reduce the possibility of scheme members being victims of a scam. The officer reported that the Cambridgeshire Pension Fund was working towards complying with the conditions of the pledge.

Section 5, Future developments: Officers emphasised that there had been recent progress with the items detailed in the 'future developments' section of the report. The TPR singular code of practice was due to be released for consultation in March 2021.

Members were provided with updates on the Good Governance Review that had occurred since the date of publication. The reporting officer stated that The Scheme Advisory Board had produced recommendations for the approval of MHCLG board which will aid the development of statutory guidance. An action plan was also produced, the actions from which would be used by the Fund to form their own action plan for items of improvement that did not require statutory guidance.

Officers announced that training strategies would also be reviewed, ensuing the publishing of the CIPFA Skills and Knowledge Framework in April 2021. The expectation was that most Members attending the training would be new as many Members of the Pension Fund Committee and Pension Fund are not standing for re-election. The training would be virtual, and the Skills and Knowledge Framework and the Good Governance Review would influence this training schedule. An updated version of Appendix 1, The List of Virtual Training Events, would be circulated to the Board. **ACTION.**

In response to Members' questions, officers:

- Established that officers and Board Members would be invited to, and encouraged to attend, training hosted both internally and externally by the Cambridgeshire Pension Fund. However, Members and officers were encouraged to seek advice before booking to attend an external training session. This was due to the vast quantity of training sessions available and to ensure the provider was reputable.
- Informed that the 18 months of internal training sessions would be run for Cambridgeshire and Northamptonshire Pension Fund by AON. These sessions would be recorded, but Officers hoped to make the training mandatory also.
- Agreed to check and confirm training dates, with attention drawn to the PLSA training event. **ACTION.**

Members commented that:

- Members required invitations to training sessions, whether or not their details were given to third parties. Special attention was drawn to the training of Val Limb and Martin Dachs (both new to the Board).
- Expressed caution around distributing Members contacts to third parties to ensure offers to external training as a result of the potential for scams.

It was resolved to note the content of the report.

## 185. Risk Monitoring Report

The Board received a report detailing the risks facing the Fund to date. The presenting officer highlighted sections 2.3 and 2.5 which updated the risk register in response to increasing cyber-security and pension scams.

The Board noted that section 3, Short-Term and Medium Risks, still registered the exit cap despite its revocation. This would remain as it is expected that a reformed version of the exit cap would be reintroduced.

In response to Member's questions, officers:

- Agreed to a separate meeting between Officer Jo Walton and Val Limb to discuss the contents of the risk register. **ACTION.**
- Explained that it was the role of the Local Pensions Board to aid with the review of RAG ratings on the risk register, and that it was been reviewed by officers prior to the meeting.

In discussion, Members' suggested identifying the use of laptops and personal Wi-Fi as a potential risk in section 2.5, Risk 13 of the report - 'Pension Fund Systems'. Officers agreed to expand upon that in the revision of the report. **ACTION.**

The Board resolved to review the current risks facing the Fund.

## 186. Administration Strategy Review

The Board received an amended report for the Administration Strategy from the Pension Fund Committee for post-scrutiny review. The presenting officer highlighted significant updates made to the paper including: The Pension Fund's objectives; and changing the performance indicators and charges levied to employees to reflect the monthly – formerly annual - data collection period.

In response to Members' questions, officers:

- With the approval of the Chairman, agreed to arrange a separate meeting between Cory Blose and Val Limb to further discuss the Administration Strategy. **ACTION.**

The Board resolved to review the administration strategy received from the Pension Fund Committee for post-scrutiny.

## 187. Exclusion of the Public and the Press

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

affairs of any particular person (including the authority holding that information).

Chairman  
February 2021



## Cambridgeshire Local Pension Board Minutes Action Log

This is the updated action log as at 26 February 2021 and captures the actions arising from the most recent Cambridgeshire Local Pension Board meeting and updates Members on the progress on compliance in delivering the necessary actions.

Minutes of 6th November 2020

| Minute number | Report Title | Action for | Action                                                                         | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Status     |
|---------------|--------------|------------|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| 173           | Agenda Plan  | M Whitby   | To confirm reporting arrangements in relation to the annual cleansing of data. | Scheme member data is reviewed on a continual basis. The Fund has a data improvement plan in place for larger projects which the Pension Fund Committee is asked to approve. The Fund also has a Data Improvement Policy in place that outlines the Fund's approach to data quality. Progress made on larger projects is reported through the Business Plan Update reports and the Administration Performance reports that are presented to both the Pension Fund Committee and Local Pension Board at every meeting. | Completed. |

Minutes 22<sup>nd</sup> February 2021

| Minute number | Report Title                     | Action for               | Action                                                                                                        | Comment                                             | Status     |
|---------------|----------------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|------------|
| 184.          | Governance and Compliance Report | Jo Walton                | Request for an updated version of Appendix 1, The list of virtual training events.                            | Circulated 18 <sup>th</sup> March 21.               | Completed. |
|               |                                  |                          | Check and confirm training dates, with attention on the PSA training event.                                   | Dates amended.                                      | Completed. |
| 185.          | Risk Monitoring                  | Jo Walton and Val Limb   | To arrange a meeting regarding risk monitoring.                                                               | Meeting arranged for 15 <sup>th</sup> April 21.     | Completed. |
|               |                                  |                          | To expand upon the risks of laptops and personal Wi-Fi in section 2.5, Risk 13 of the report during revision. | Incorporated as part of the review at this meeting. | Completed. |
| 186.          | Administration Strategy Review   | Corey Blose and Val Limb | To arrange a meeting regarding the administration strategy.                                                   | Meeting held on 22 <sup>nd</sup> March 2021.        | Completed. |

|      |                             |                                                                        |                                                                                                                                                                                                                                                                                                                                     |                                                                                                                     |                                     |
|------|-----------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| 188. | ACCESS Asset Pooling Update | <p>Paul Tysoe</p> <p>Tysoe and Val Limb</p> <p>Democratic Services</p> | <p>Explain contractions in further reports.</p> <p>Paul Tysoe and Val Limb to arrange a meeting regarding ACCESS.</p> <p>Re-format the printing of CONFIDENTIAL on reports.</p> <p>Invite members of the board to ACCESS Asset Pooling Fund meetings, Pension Fund Committee meetings, and Pension Fund Sub-Committee meetings.</p> | <p>Will be incorporated in future reports consistently.</p> <p>Meeting arranged for 15<sup>th</sup> April 2021.</p> | <p>Completed.</p> <p>Completed.</p> |
|------|-----------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|-------------------------------------|



# CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

23<sup>rd</sup> April 2021

Report by: Head of Pensions

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

## 1. Background

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

## 2. Key Performance Indicators – Pensions Service

2.1 The Pension Fund Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of the Pensions Service.

2.2 Full KPI details for the period 1<sup>st</sup> February to 28<sup>th</sup> February 2021 can be found in appendix 1.

## 3. Receipt of Employee and Employer Contributions

3.1 Employers in the Fund have a statutory obligation to arrange for the correct deduction of employee and employer contributions and to ensure payment reaches the Pension Fund by the 19<sup>th</sup> of the month following the month of deduction. Providing an associated monthly statement/schedule in a format acceptable to the Administering Authority.

3.2 The table in appendix 2 shows the percentage of employers in the Cambridgeshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late for the period 1<sup>st</sup> February 2020 to 31<sup>st</sup> January 2021.

3.3 There were no late payments of contributions for the period 1<sup>st</sup> December 2020 to 31 January 2021.

4. Breaches of the Law

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

4.2 For the period 1<sup>st</sup> February to 28<sup>th</sup> February 2021, the following breaches occurred:

| Type of Breach        | Detail of Breach                                                                                                       | Course of action                                                                                                                      |
|-----------------------|------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Material Breaches     | None                                                                                                                   | None                                                                                                                                  |
| Non-Material Breaches | 15 refund of pension contribution payments were claimed by and paid to members outside of the statutory 5-year period. | No further action at this stage. It is likely that the legislation surrounding this will be amended to remove the 5 year requirement. |

5. Internal Dispute Resolution Procedure

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

5.2 In the period 1<sup>st</sup> February to 31<sup>st</sup> March 2021 the following activity occurred:

| Nature of dispute                                                                                                                             | Stage 1 (Head of Pensions)                                                                                                                                                                                                                                                                                 | Stage 2 (Cambridgeshire County Council Monitoring Officer) |
|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| Seeking reinstatement / compensation for LGPS benefits that were transferred to an overseas pension scheme in 2015 (received 5 December 2019) | Information gathering has been undertaken with the claims management company during the course of 2020. There have been issues with the claims company not receiving postal communications during the pandemic. Legal advice was sought in drafting the response to the appeal. Not upheld (2 March 2021). | N/A                                                        |

6. Employers Admissions and Cessations

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

- YTKO Limited (Cambridge and Peterborough Combined Authority Growth Service)

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

- Lunchtime Company Limited (Fulbourn Primary School)

7. Relevant Pension Fund Objectives

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

8. Risk Management

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

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

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

8.3 The Fund's risk register can be found on the Pensions [here](#).

## 9. Communication Implications

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <a href="#">Direct communications</a> | <p>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.</p> <p>Employers of the Fund are guided through the admission process and directly kept up to date with requirements and progress.</p> <p>Members who enter the Internal Dispute Resolution Procedure are kept informed of progress within the statutory timescales.</p> |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## 10. Finance & Resources Implications

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

## 11. Legal Implications

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

## 12. Consultation with Key Advisers

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

## 13. Alternative Options Considered

13.1 Not applicable

## 14. Background Papers

14.1 Not applicable

## 15. Appendices

15.1 Appendix 1 Key Performance Indicators – Pensions Service

15.2 Appendix 2 Receipt of Employee and Employer Contributions

| Checklist of Key Approvals                        |                                           |
|---------------------------------------------------|-------------------------------------------|
| Has this report been cleared by Head of Pensions? | Mark Whitby – 29 <sup>th</sup> March 2021 |

## Appendix 1 - Key Performance Indicators – Pensions Service February 2021

| Function/Task                                                                                     | Indicator                                                                                                                                                                    | Target | Completed    | Within Target | Over Target | % Within Target | RAG   | Comments            |
|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------------|---------------|-------------|-----------------|-------|---------------------|
| Notify leavers of deferred benefit entitlement                                                    | Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information.                                     | 90%    | February:123 | 117           | 6           | 95              | Green | 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%    | February:47  | 47            | 0           | 100             | Green | SLA target met      |
| Payment of pension benefits from deferred membership status                                       | Notify members retiring from deferred membership status of benefits award, from date payable or date of receiving all necessary information if later within 10 working days. | 90%    | February:54  | 54            | 0           | 100             | Green | SLA target met      |
| Award dependant benefits – <b>Statutory</b>                                                       | Issue award within 5 working days of receiving all necessary information.                                                                                                    | 95%    | February:29  | 29            | 0           | 100             | Green | SLA target met      |
| Provide a maximum of one estimate of benefits to employees per year on request – <b>Statutory</b> | Estimate in agreed format provided within 10 working days from receipt of all information.                                                                                   | 90%    | February:61  | 58            | 3           | 95              | Green | SLA target met      |
| Provide transfer-in quote to scheme member – <b>Statutory</b>                                     | Letter issued within 10 working days of receipt of all appropriate information.                                                                                              | 95%    | February:30  | 25            | 5           | 83              | Red   | SLA target not met* |
| Payment of transfer out – <b>Statutory</b>                                                        | Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.                                  | 90%    | February:6   | 6             | 0           | 100             | Green | SLA target met      |

\*Provide transfer-in quote to scheme member – target was missed during this period due to a performance issue within the team which has now been addressed.

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

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

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

Appendix 2 - Receipt of Employee and Employer Contributions

| Month/Year         | % of Employers Paid on Time | % of Employers Paid Late | % of Employers that Submitted Schedule on Time | % of Employers that Submitted Schedule Late |
|--------------------|-----------------------------|--------------------------|------------------------------------------------|---------------------------------------------|
| February 2020      | 96.6                        | 3.4                      | 96.7                                           | 3.3                                         |
| March 2020         | 99.8                        | 0.2                      | 100                                            | 0                                           |
| April 2020         | 99.6                        | 0.4                      | 99.3                                           | 0.7                                         |
| May 2020           | 100                         | 0                        | 100                                            | 0                                           |
| June 2020          | 99.5                        | 0.5                      | 99.3                                           | 0.7                                         |
| July 2020          | 99.3                        | 0.7                      | 100                                            | 0                                           |
| August 2020        | 99.6                        | 0.4                      | 99.6                                           | 0.4                                         |
| September 2020     | 99.8                        | 0.2                      | 99.8                                           | 0.2                                         |
| October 2020       | 100                         | 0                        | 100                                            | 0                                           |
| November 2020      | 100                         | 0                        | 100                                            | 0                                           |
| December 2020      | 100                         | 0                        | 100                                            | 0                                           |
| January 2021       | 100                         | 0                        | 100                                            | 0                                           |
| Average for period | 99.5                        | 0.5                      | 99.5                                           | 0.5                                         |

Appendix 3 – Late payment of employer contributions for December 2020 and January 2021

| Employer                           | Payroll Month | Days Late | Amount | Members affected | Previous late payments during 2019/2020 | Reported to the Pensions Regulator? | Reason/Action |
|------------------------------------|---------------|-----------|--------|------------------|-----------------------------------------|-------------------------------------|---------------|
| No late payments for December 2020 |               |           |        |                  |                                         |                                     |               |
| No late payments for January 2021  |               |           |        |                  |                                         |                                     |               |

Persistent late payments and submission of accompanying payment schedules are monitored closely and officers work in close liaison with scheme employers and third party payroll providers to resolve issues. The Payment of Employee and Employer Contributions Policy came into force on 1 April 2016 to ensure scheme employers are aware of the consequences of not meeting their statutory obligations and are aware in advance of the ramifications of persistent non-compliance.

For employers who persistently pay late contributions, the Fund has the right to charge an administration fee and interest.

Pension Fund Board

Date: 23 April 2021

Report by: Head of Pensions

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

## 1. Background

- 1.1 The Cambridgeshire Risk Strategy and Risk Register were reviewed and approved by the Pension Fund Committee on 28<sup>th</sup> March 2019. Following this approval, the Pension Fund Board have reviewed the risks facing the Fund on a quarterly basis and the Pension Fund Committee have reviewed on a bi-annual basis. This report is a continuation of the review process to ensure the risk register remains up to date and relevant.
- 1.2 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 [here](#).

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

- 2.1 The risk register was last reviewed in February 2021 and was updated to reflect mitigations to help reduce the risk of pension scams and cybercrime. Upon this review, Officers have refined the wording on some of the existing risks and added five controls as shown in the table below -

| Risk no. | Risk.                                                                                                                        | Added control.                                                                      |
|----------|------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 9        | Risk of Fraud and Error                                                                                                      | Aspects of the control environment are tested by Internal Audit and External Audit. |
| 11       | Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed. | An Administration Strategy is in place setting out employer performance targets.    |

|    |                                                                                                      |                                                                                                                                                                         |
|----|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 13 | Pension Fund systems and data may not be secure and appropriately maintained – including cyber risk. | Data asset mapping is being undertaken (and will be continually reviewed) to understand risks during data transfer and whilst data is held by third parties.            |
| 19 | Actual experience materially differs from actuarial assumptions used at each valuation.              | Investment performance is reported monthly to the Fund Actuary.<br><br>A specialist longevity service is employed to provide accurate Fund specific longevity analysis. |

- 2.2 Following feedback from the previous review, the control on cyber resilience (risk 13) has been updated to include reference to laptop and WI-FI security as follows – ‘Continually keeping up to date with evolving developments to ensure robust cyber resilience in conjunction with specialist advice, including the resilience when using laptops and non-corporate Wi-Fi networks’.
- 2.3 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. Short to Medium term risks
- 3.1 The impact of the pandemic
- 3.1.1 The service is continuing to work in the main part remotely and use electronic platforms for business as usual activities. The service continues to run effectively and there is no cause for concern as to the continuation of this approach for the months ahead.
- 3.2 Administrative pressures facing the Fund
- 3.2.1 On the 25 February 2021 the Restriction of Public Sector Exit Payments Regulations 2020 were formally revoked; however, it is expected that HM Treasury will draft new regulations to implement a public sector exit payment cap in short order. A public consultation has been promised before the new regulations are made in law. As with the now revoked exit payment cap legislation, the Pensions Service will need to repeat the communication activities undertaken with scheme members and scheme employers as well as make changes to the processes required for processing redundancy retirement benefits in accordance with the new regulations and associated guidance.
- 3.3 Loss of knowledge from the Pension Fund Committee and Pension Fund Board
- 3.3.1 The local elections on the 6<sup>th</sup> May 2021 will have a short to medium term effect on the governance of the Fund as a result of Councillors not standing for re-election or not being re-elected. This could result in a loss of skills and knowledge and impact effective decision making.
- 3.3.2 To minimise the impact, Officers have arranged an induction training session in June to deliver the roles and responsibilities of members and overarching information on the Cambridgeshire Pension Fund. This will be followed, also in June, by a CIPFA Skills and Knowledge module covering the topic of governance including the important matter of fiduciary duty. Other CIPFA modules will be delivered as they become relevant over an 18 to 24-month period. External training will also continue to be supported and promoted where appropriate.

#### 4. Relevant Pension Fund Objectives

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

#### 5. Risk Management

5.1 The Pension Fund Committee and Pension Fund Board are expected to monitor risk and compliance and act appropriately where there is a cause for concern.

5.2 The risks associated with not monitoring risk and acting appropriately have been captured in the Fund's risk register as detailed below.

| Risk No | Risk mitigated                                                                                                          | Residual risk |
|---------|-------------------------------------------------------------------------------------------------------------------------|---------------|
| 10      | Failure to understand and monitor risk and compliance                                                                   | Green         |
| 17      | Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making. | Green         |

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

#### 6. Finance & Resources Implications

6.1 None.

#### 7. Communication Implications

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

#### 8. Legal Implications

8.1 Not applicable.

#### 9. Consultation with Key Advisers

9.1 None

#### 10. Alternative Options Considered

10.1 There are no alternative options to be considered

11. Background Papers

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

12. Appendices

12.1 Appendix 1 - The Cambridgeshire Pension Fund Risk Register

| Checklist of Key Approvals                        |                       |
|---------------------------------------------------|-----------------------|
| Has this report been cleared by Head of Pensions? | Mark Whitby – 31/3/21 |

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

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

Overall responsibility rests with the Head of Pensions

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

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

| Risk No | Risk                                                                                          | Gross Impact | Gross Likelihood | Gross Total | R A G | Controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Residual Impact | Residual Likelihood | Residual Total | R A G |
|---------|-----------------------------------------------------------------------------------------------|--------------|------------------|-------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|----------------|-------|
| 4.      | Contributions to the Fund are not received on the correct date and/or for the correct amount. | 4            | 3                | 12          | A     | <ul style="list-style-type: none"> <li>• Employer contributions are set as stable as possible and the Fund works with employers closely to ensure pragmatic solutions if an employer is unable to meet monthly contributions.</li> <li>• A procedure is in place to identify non-payment and late payment of contributions as defined in the Employee and Employer Late Payment Policy.</li> <li>• The Policy includes a reporting process to report late payments to Committee and the Pensions Regulator.</li> <li>• Internal Audit reviews take place on an annual basis and external audit review the accounts annually.</li> </ul> | 4               | 2                   | 8              | A     |
| 5.      | Fund assets are not sufficient to meet obligations and liabilities.                           | 4            | 3                | 12          | A     | <ul style="list-style-type: none"> <li>• The Funding Strategy Statement is reviewed every 3 years or more often as required.</li> <li>• The Fund Actuary considers asset valuations and the Fund Investment Strategy in setting employer contributions rates.</li> <li>• The year-end financial statements record the Fund's asset position and are subject to review by external audit.</li> <li>• The Fund has currency hedging and equity protection arrangements in place.</li> </ul>                                                                                                                                               | 4               | 2                   | 8              | A     |
| 6.      | Information may not be provided to stakeholders as required.                                  | 3            | 3                | 9           | A     | <ul style="list-style-type: none"> <li>• Officers keep up to date with disclosure regulations and distribute knowledge to teams accordingly using resources such as relevant websites, seminars, professional bodies and working groups.</li> <li>• Letters are generated through task management for consistency and are checked before being sent out.</li> <li>• Communications Officer now in place.</li> <li>• Membership of the LGA Communications Working Group.</li> <li>• Membership of the Regional Joint Communications Group.</li> <li>• Communication and Digital Communication Strategy in place.</li> </ul>              | 3               | 2                   | 6              | G     |

| Risk No | Risk                                                                                       | Gross Impact | Gross Likelihood | Gross Total | R A G | Controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Residual Impact | Residual Likelihood | Residual Total | R A G |
|---------|--------------------------------------------------------------------------------------------|--------------|------------------|-------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|----------------|-------|
| 7.      | The Investment Strategy's risk reward profile does not match the requirements of the Fund. | 3            | 3                | 9           | A     | <ul style="list-style-type: none"> <li>Investment Strategy in place which is in accordance with LGPS investment regulations.</li> <li>A formal review of the strategic asset allocation is undertaken on a triennial basis.</li> <li>The Fund appoints professional investment advisers to support the Pension Committee's investment decisions.</li> <li>At each triennial valuation the Fund Actuary considers and makes a statement on the links and consistency between the Fund's Funding Strategy and Investment Strategy.</li> <li>Members are encouraged to participate in Skills &amp; Knowledge training with respect to investments and attend relevant industry conferences. Detailed training records are maintained.</li> </ul> | 3               | 2                   | 6              | G     |
| 8.      | Those charged with governance are unable to fulfil their responsibilities effectively.     | 3            | 3                | 9           | A     | <ul style="list-style-type: none"> <li>Training Strategy in place to facilitate the continual development of both Committee and Board members.</li> <li>New members are provided with relevant documentation to assist them in their roles.</li> <li>The Fund subscribes to relevant professional bodies such as the Local Authority Pension Funds Forum (LAPFF) and the Pension and Lifetime Savings Association (PLSA).</li> </ul>                                                                                                                                                                                                                                                                                                          | 3               | 2                   | 6              | G     |
| 9.      | Risk of fraud and error.                                                                   | 3            | 3                | 12          | A     | <ul style="list-style-type: none"> <li>Anti- Fraud and Corruption policy in place.</li> <li>Fund participates in the National Fraud Initiative and undertakes overseas pensioner existence checks.</li> <li>Robust processes in place including segregation of duties and authorisation protocols.</li> <li>Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams.</li> <li>Aspects of the control environment are tested by Internal Audit and External Audit.</li> </ul>                                                                                                                                                                                                                            | 3               | 2                   | 6              | G     |
| 10.     | Failure to understand and monitor risk compliance.                                         | 3            | 2                | 6           | G     | <ul style="list-style-type: none"> <li>Business Continuity plan in place and is reviewed at least annually.</li> <li>Active risk register in place, the Committee and Board are updated if there are any risk movements between scheduled reporting timescales.</li> <li>The Local Pension Board have oversight of risk monitoring to assist the Pensions Committee on decision making.</li> </ul>                                                                                                                                                                                                                                                                                                                                            | 3               | 2                   | 6              | G     |

| Risk No | Risk                                                                                                                         | Gross Impact | Gross Likelihood | Gross Total | RAG | Controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Residual Impact | Residual Likelihood | Residual Total | RAG |
|---------|------------------------------------------------------------------------------------------------------------------------------|--------------|------------------|-------------|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|----------------|-----|
| 11.     | Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed. | 3            | 4                | 12          | A   | <ul style="list-style-type: none"> <li>Employers are made aware of their responsibilities upon admission via the Pension Service website and direct employer communication.</li> <li>Training is provided to employers by a dedicated Employer's Team as required.</li> <li>The importance of a statutory deadlines is stressed to employers through regular communications and events such as the Employer Forum.</li> <li>An Administration Strategy is in place setting out employer performance targets.</li> <li>Support is also available through the website, dedicated employers help line and templates issued where applicable.</li> </ul> | 2               | 3                   | 6              | G   |
| 12.     | Custody arrangements may not be sufficient to safeguard Pension Fund assets.                                                 | 4            | 2                | 8           | A   | <ul style="list-style-type: none"> <li>The Custodian is selected from experienced providers on the LGPS National Framework who have met the quality criteria for the framework.</li> <li>Complete and authorised agreements are in place with external custodian.</li> <li>External custodian's compliance with International Standard on Assurance Engagements (ISAE) No. 3402, Assurance Reports on Controls at a Service Organisation.</li> <li>Officers of the Fund engage in quarterly monitoring of custodian performance.</li> </ul>                                                                                                          | 4               | 1                   | 4              | G   |

| Risk No | Risk                                                                                                 | Gross Impact | Gross Likelihood | Gross Total | RAG | Controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Residual Impact | Residual Likelihood | Residual Total | RAG |
|---------|------------------------------------------------------------------------------------------------------|--------------|------------------|-------------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|----------------|-----|
| 13.     | Pension Fund systems and data may not be secure and appropriately maintained - including cyber risk. | 4            | 2                | 8           | A   | <ul style="list-style-type: none"> <li>System user controls are in place including regular password changes.</li> <li>Access rights are controlled and data is backed up.</li> <li>Audit trails are in place.</li> <li>Pension system is protected against viruses and other system threats.</li> <li>The pensions administration system is updated to ensure LGPS requirements are met by adhering to legislation, meeting disclosure regulations and following statutory guidance.</li> <li>Hosted pensions server and backup server are at separate sites.</li> <li>Disaster recovery plans are in place for both the administration system software supplier and the authority.</li> <li>Data asset mapping is being undertaken (and will be continually reviewed) to understand risks during data transfer and whilst data is held by third parties.</li> <li>Compulsory annual online training for Officers on Cyber resilience and Data Protection.</li> <li>Continually keeping up to date with evolving developments to ensure robust cyber resilience in conjunction with specialist advice, including the resilience with using laptops and non-corporate Wi-Fi networks.</li> </ul> | 4               | 1                   | 4              | G   |

|     |                                                                         |   |   |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |   |   |   |   |
|-----|-------------------------------------------------------------------------|---|---|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|
| 14. | Failure to administer the scheme in line with regulations and guidance. | 5 | 2 | 10 | <p>A</p> <ul style="list-style-type: none"> <li>• Policies and strategies are in place and are accessible on the Fund website.</li> <li>• Policies and strategies are subject to review at appropriate intervals and subject to stakeholder consultation where necessary.</li> <li>• A Training Strategy is in place for those charged with governance.</li> <li>• Officers attend regional Pension Officer working groups and consult with professional advisors where appropriate.</li> <li>• Employers are aware of their responsibilities within the Fund and what information is required, in what format and by when.</li> <li>• The Fund subscribes to relevant professional bodies such as the Local Authority Pension Funds Forum (LAPFF) and the Pension and Lifetime Savings Association (PLSA).</li> <li>• Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams.</li> </ul> | 4 | 1 | 4 | G |
|-----|-------------------------------------------------------------------------|---|---|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|

| Risk No | Risk                                                                                                               | Gross Impact | Gross Likelihood | Gross Total | RAG | Controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Residual Impact | Residual Likelihood | Residual Total | RAG |
|---------|--------------------------------------------------------------------------------------------------------------------|--------------|------------------|-------------|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|----------------|-----|
| 15.     | Failure to recognise and manage conflicts of interest.                                                             | 4            | 2                | 8           | A   | <ul style="list-style-type: none"> <li>Declaration of interests are made at the beginning of all statutory meetings where not held on the County Councillor declaration register.</li> <li>Conflicts of Interest Policy in place for the Local Pension Board.</li> <li>Committee and Board members are encouraged to undertake the Pension Regulator's Toolkit which includes a conflicts of interest module.</li> </ul>                                                                                                   | 2               | 2                   | 4              | G   |
| 16.     | Pension Fund objectives are not defined and agreed.                                                                | 4            | 2                | 8           | A   | <ul style="list-style-type: none"> <li>Objectives are agreed as part of the Annual Business Plan and Medium Term Strategy by the Pensions Committee.</li> <li>Relevant objectives are referenced on every committee report.</li> <li>Objectives are referenced in all policy documents and the risk register to ensure appropriate focus.</li> </ul>                                                                                                                                                                       | 2               | 1                   | 2              | G   |
| 17.     | Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making. | 3            | 2                | 6           | G   | <ul style="list-style-type: none"> <li>Committee and Board papers are provided for each scheduled meeting, providing relevant information to inform decision making.</li> <li>Papers are subject to appropriate approvals including that of the Monitoring Officer and Section 151 Officer (for Pensions Committee papers) and Head of Pensions.</li> <li>Yearly effectiveness reviews for Committee and Board members are carried out to identify if any changes need to be made to the information delivered.</li> </ul> | 2               | 2                   | 4              | G   |
| 18.     | Pension Fund Investments may not be accurately valued.                                                             | 3            | 2                | 6           | G   | <ul style="list-style-type: none"> <li>The Fund employs a custodian to independently review the fund asset values applied by Fund Managers and these valuations are applied in the year-end financial statements.</li> <li>The year-end financial statements record the Funds asset position and is subject to robust review by external audit.</li> <li>Officers work closely with the Fund's Custodian to ensure accuracy of asset valuations.</li> </ul>                                                                | 2               | 2                   | 4              | G   |

| Risk No | Risk                                                                                    | Gross Impact | Gross Likelihood | Gross Total | RAG | Controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Residual Impact | Residual Likelihood | Residual Total | RAG |
|---------|-----------------------------------------------------------------------------------------|--------------|------------------|-------------|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|----------------|-----|
| 19.     | Actual experience materially differs from actuarial assumptions used at each valuation. | 3            | 3                | 9           | A   | <ul style="list-style-type: none"> <li>Assumptions and actual experience are analysed through triennial valuations to ensure assumptions remain appropriate.</li> <li>Officers in partnership with Fund advisers report asset allocation performance quarterly to the Investment Sub Committee.</li> <li>Investment performance is reported monthly to the Fund Actuary.</li> <li>A specialist longevity service is employed to provide accurate Fund specific longevity analysis.</li> <li>Probability based/stochastic modelling techniques are used by the Fund Actuary to reduce the reliance on deterministic assumptions, ensuring numerous possible financial scenarios are modelled.</li> </ul> | 2               | 2                   | 4              | G   |
| 20.     | Failure to act appropriately upon expert advice and/or risk of poor advice.             | 4            | 2                | 8           | A   | <ul style="list-style-type: none"> <li>Pension Committee decisions and oversight by the Local Pension Board.</li> <li>Investment consultants and independent advisors appointed via a robust appointment process.</li> <li>Members are encouraged to participate in Skills &amp; Knowledge training and attend relevant industry conferences. Detailed training records are maintained.</li> <li>Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams.</li> </ul>                                                                                                                                                                                              | 2               | 2                   | 4              | G   |

| Risk No | Risk                                                                                                                                                                          | Gross Impact | Gross Likelihood | Gross Total | RAG | Controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Residual Impact | Residual Likelihood | Residual Total | RAG |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------|-------------|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|----------------|-----|
| 21.     | Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met in conjunction with the Fund Actuary/specialist advisors. | 3            | 3                | 9           | A   | <ul style="list-style-type: none"> <li>Assessment of the strength of individual employer covenants in conjunction with the actuary and what bond/guarantor arrangements are in place.</li> <li>Close liaison with employers in managing exit strategy in line with the Admitted bodies, Scheme employers and Transfer Policy.</li> <li>Ensure individual employers are monitored closely to preempt when they are likely to cease and put in arrangements to fund cessation on an appropriate basis.</li> </ul> | 2               | 2                   | 4              | G   |
| 22.     | Unable to deliver pension services due to an inadequate business continuity plan.                                                                                             | 3            | 2                | 6           | G   | <ul style="list-style-type: none"> <li>Business Continuity plan in place and is reviewed at least annually.</li> <li>Business continuity arrangements includes the ability for staff to work remotely to meet the demands of the service.</li> <li>Multi skilling across the service for flexibility and resilience.</li> </ul>                                                                                                                                                                                 | 2               | 2                   | 4              | G   |
| 23.     | Unable to deliver pension services due to inadequate recruitment and retention processes.                                                                                     | 3            | 2                | 6           | G   | <ul style="list-style-type: none"> <li>Establishment reporting undertaken monthly to identify any recruitment/retention issues.</li> <li>Recruitment undertaken utilising all available avenues including agency staff.</li> <li>Staff leaving interviewed to understand reason for cessation.</li> <li>Regular performance reporting across all business processes serves as early warning system.</li> <li>Consultancy contracts in place as a backstop.</li> </ul>                                           | 2               | 2                   | 4              | G   |

| Risk No | Risk                                                                                                                                                              | Gross Impact | Gross Likelihood | Gross Total | RAG | Controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Residual Impact | Residual Likelihood | Residual Total | RAG |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------|-------------|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|----------------|-----|
| 24.     | Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.                       | 3            | 2                | 6           | G   | <ul style="list-style-type: none"> <li>The Fund is compliant with Investment regulations and best practice guidance.</li> <li>The Fund appoints professional investment advisers to support the Pension Committees investment decisions.</li> <li>The Funds asset allocation is considered by the Actuary when undertaking the triennial valuation.</li> <li>Investment performance is closely monitored, in particular the Investment Sub Committee receives quarterly performance reports provided by recognised industry professionals highlighting key issues.</li> <li>The Fund has an appropriate Investment Strategy Statement in place which also addresses Environmental, Social and Governance (ESG) issues.</li> </ul>                              | 3               | 1                   | 3              | G   |
| 25.     | Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage.                             | 3            | 2                | 6           | G   | <ul style="list-style-type: none"> <li>Automated extraction of data where viable and agreed procedures for reporting.</li> <li>Robust authorisation protocols in place.</li> <li>Internal and External audit reviews.</li> <li>Contributions are reconciled against employer monthly reports and the bank account, which is subject to both internal and external audit review as part of the year end process.</li> <li>Membership year end reconciliation and investigate variations from the accounting valuations.</li> <li>Management and administration are maintained in accordance with the SORP and the Financial Regulations.</li> <li>Data Improvement Policy and Plan are in place.</li> <li>Anti-Fraud and Corruption Policy in place.</li> </ul> | 3               | 1                   | 3              | G   |
| 26.     | 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"> <li>The Data Improvement Policy and Plan are in place.</li> <li>The Data Improvement Policy and Plan are reviewed at least annually and material amendments approved by the Pensions Committee. The Local Pension Board have oversight of policy reviews.</li> <li>The Pension Committee and Local Pension Board receive updates against the plan quarterly.</li> </ul>                                                                                                                                                                                                                                                                                                                                                     | 3               | 1                   | 3              | G   |

## Criteria for assessing impact and likelihood

### Impact

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

**Likelihood**

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

# CAMBRIDGESHIRE PENSION FUND

Agenda Item No: 6

Pension Fund Board

Date: 23 April 2021

Report by: Head of Pensions

|                       |                                                                                                                       |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------|
| Subject:              | Pension Fund Annual Business Plan Update report 2020/21                                                               |
| Purpose of the Report | To present the Business Plan Update for the 2020/21 financial year                                                    |
| Recommendations       | The Pension Fund Board is asked to note the Business Plan Update to 31 March 2021                                     |
| Enquiries to:         | Mark Whitby, Head of Pensions<br><a href="mailto:mwhitby@northamptonshire.gov.uk">mwhitby@northamptonshire.gov.uk</a> |

## 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 the end of 2020/21 financial year and details where activities are continuing into the new financial year.
- 1.2 All activities that are carried over into 2021/22 are explained in full within the 2021/22 Business Plan and Medium Term Strategy as approved by the Pension Fund Committee on 25 March 2021 and is a further agenda item at this meeting for noting by the Pension Fund Board.
- 1.3 A full list of the key fund activities for the 2020/21 financial year can be found in appendix 1 of this report.

## 2. Variances against the forecast of investments and administration expenses

- 2.1 The tables in appendix 2 provide an update of the Fund account, investment and administration income and expenditure against the cash flow projection outlined in the Annual Business Plan as agreed by the Pension Fund Committee in June 2020.

## 3. Key Pension Fund Activities

### 3.1 Service Delivery (SD)

- 3.1.1 Undertake a review of the Business Continuity Plan (SD1)

Action: The Business Continuity Plan (BCP) covering the Fund's governance and administration is now due for a full review. This review will help ensure appropriate arrangements are being put in place to facilitate the seamless transition of shared service administration from Northamptonshire County Council to West Northamptonshire Council on 1 April 2021 and incorporate any learning points from the pandemic.

Year-end status: Carried over to 2021/22

Comments: Full details of this activity are held in the 2021/22 Business Plan and Medium Term Strategy.

### 3.1.2 Undertake an analysis of the risks faced by the Fund as a result of cyber-crime and out in place appropriate mitigations (SD2)

Action: Cyber-crime is posing increasingly sophisticated threats to the administration of the Fund. At the same time the Fund is trying to implement its digital strategy in an effective, efficient and equitable manner. This activity is therefore to analyse the risks to the Fund in the digital space and implement any appropriate actions arising from that analysis.

Year-end status: Analysis completed. Actions carried over to 2021/22.

Comments: The analysis of the risks faced by the Fund was completed. The next stage is to develop a cyber-resilience strategy and map the Fund's flow of data. Full details are in the 2021/22 Business Plan and Medium Term Strategy.

### 3.1.3 Retender/extend contract for actuarial, benefits and governance consultancy services (SD3)

Action: The existing contracts for actuarial, benefits and governance consultancy services are due to expire on 1 April 2022 with the option of a 2-year extension. The Fund will need to consider whether the contracts should be extended for a further 2 years or if it is appropriate to conduct a procurement on a joint basis with the Northamptonshire Pension Fund using the National LGPS Framework.

Year-end status: On target to start June 2021

Comments: Full details of this activity are held in the 2021/22 Business Plan and Medium Term Strategy.

### 3.1.4 Extension of existing pensions administration and payroll software contract (SD4)

Action: The Fund currently uses Aquila Heywood Ltd's Altair as its pensions administration and payroll software and payroll platform. The contract with Aquila Heywood Ltd is due to expire on 30 September 2021 and includes the option of a fixed 3-year extension. A framework has been launched by the National LGPS Framework for pensions administration and payroll software that operates from April 2020 to April 2024. The framework has 3 suppliers on it – Aquila Heywood Ltd, Civica UK Ltd, and Equiniti and contracts are for 7 years plus a maximum of 3 years.

Year-end status: Completed.

Comments: Contract extended to September 2024 as agreed by the Pension Fund Committee. The actions required to carry out the re-tender in time for the end of the extended contract is detailed in the 2021/22 Business Plan and Medium Term Strategy.

### 3.1.5 Re-tender/extend contracts for mortality screening and address tracing services (SD5)

Action: The existing contracts for mortality screening and address tracing services is due to expire in June 2021 with the option of a two-year extension on each contract. The Fund will need to consider whether the contracts should be extended for a further two years or if it is appropriate to conduct a procurement on a joint basis with the Cambridgeshire Pension Fund using the National LGPS Framework.

Year-end status: Completed.

Comments: Decision made to extend the mortality contract for 2 years and to continue address tracing on an ad hoc basis for 2 years.

## 3.2 Governance and Compliance (GC)

### 3.2.1 Complete the Guaranteed Minimum Pension Rectification (GC1)

Action: Following the end of contracting-out on 6 April 2016 it has been necessary for all pension schemes to reconcile their scheme members' contracted out liability against that recorded by HMRC. The Fund outsourced the majority of the reconciliation and rectification exercise to ITM Limited. The reconciliation stage of this completed in 2019/20 however following the delay in HMRC issuing the final file of data, the rectification stage has not been able to fully commence.

Year-end status: Continuing into 2021/22

Comments: Full details of this activity are held in the 2021/22 Business Plan and Medium Term Strategy.

### 3.2.2 Obtain Pensions Administration Standards Association (PASA) accreditation (GC2)

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

Year-end status: On target to start April 2022.

Comments: Full details of this activity are held in the 2021/22 Business Plan.

### 3.2.3 Conduct market testing and procure a supplier of independent data auditing services (GC3)

Action: The Pensions Regulator issues an annual mandatory scheme return within which the Fund's common and scheme-specific data scores must be included. The Fund is in its final year of a 3-year contract with ITM Limited for the provision of this service with no option to extend. In order to achieve value for money for the most appropriate service it will be necessary to conduct market testing which will in turn to inform the necessary procurement route on a joint basis with Northamptonshire Pension Fund.

Year-end status: Completed.

Comments: Decision has been made to use the Altair pensions administration platform facility to carry out data scoring for the 2021 Pension Regulator's mandatory scheme return.

### 3.3 Communications, Systems and Employer Management (CSEM)

#### 3.3.1 Undertake a digital strategy review (CSEM1)

Action: The Fund is committed to delivering a service where communication is digital by default to provide an excellent customer experience for all stakeholders and to ensure that technology is used appropriately to create a high quality, efficient and modern pensions service. The review will be carried out over a 3-year period and will focus on the use of digital services across a range of work streams including member experience, communications, data collection and data processing. This will begin with a review of the current use of digital solutions and identify where digital solutions will be beneficial. A plan will then be developed, identifying priorities and setting out a schedule for introducing further digital improvements.

Year-end status: Completed as reported in the March 2021 Business Plan update report.

#### 3.3.2 Scope requirements for data collection in respect of the LGPS Transitional Protections (CSEM2)

Action: As a result of the ruling in the McCloud/Sargent cases determining that the transitional protections in the Firefighters and Judges' pension schemes were age discriminatory, it was confirmed that this judgement will also apply to the LGPS. The remedy is awaited but it is assumed that the protections will be extended to at least cover all members in the scheme when the protections were introduced. As a result, there may be an exercise required to collect data relevant to the transitional protection.

Year-end status: Ongoing as awaiting amended regulations and further guidance from MHCLG.

Comments: This activity will continue into 2021/22 and subsequent years and is fully detailed in the 2021/22 Business Plan and Medium Term Strategy.

#### 3.3.3 Prepare for the 2022 Valuation of the Pension Fund (CSEM3)

Action: The Fund must be valued on a triennial basis with employer contribution rates set for the following 3 years. The next valuation is due to be carried out as at 31 March 2022 with whole Fund results to be issued in the summer of 2020 and individual employer results in the winter of 2022. New employer rates would come into effect from 1 April 2023.

Year-end status: On target from April 2021

Comments: Full details of this activity are held in the 2021/22 Business Plan and Medium Term Strategy.

#### 3.3.4 Implement multiple investment strategies (CSEM4)

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

Year-end status: Continuing into 2021/22

Comments: Full details of this activity are held in the 2021/22 Business Plan and Medium Term Strategy.

### 3.4 Operations (OPS)

#### 3.4.1 Resolution of undecided leavers (OPS1)

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

Year-end status: Continuing into 2021/22

Comments: Full details of this activity are held in the 2021/22 Business Plan and Medium Term Strategy.

#### 3.4.2 Scope and conduct potential liability reduction exercises (OPS2)

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

Year-end status: Continuing into 2021/22.

Comments: Full details of this activity are held in the 2021/22 Business Plan and Medium Term Strategy.

### 3.5 Investments and fund accountancy (INV)

#### 3.5.1 Implement strategic allocation to fixed income (INV1)

Action: This continues the work undertaken in 2019/20 looking at Multi Asset Credit managers, reviewing both managers in the asset pool and alternative best in class managers, with a view to recommending an allocation(s) for Pension Fund Committee approval and subsequent implementation. Due to the pandemic flexible dates have been suggested.

Year-end status: Completed.

Comments: Allocations implemented from September 2020.

#### 3.5.2 Re-tender for investment consultancy services (INV2)

Action: The investment consultancy contract with Mercer LLC was extended in September 2017 for three years to 30 September 2020 and requires re-tendering in 2020/21 through the National LGPS Frameworks. This will be a joint procurement with the Northamptonshire Pension Fund for a single supplier to benefit from the efficiencies of a shared service. Each Fund will have separate contractual arrangements.

Year-end status: Mercer were reappointed as the Fund's investment consultant following a framework procurement in April 2021. Activity is on target to conclude in September 2021.

Comments: Full details of this activity are held in the 2021/22 Business Plan and Medium Term Strategy.

#### 3.5.3 Continue development of the asset pool (INV3)

Action: The ACCESS asset pool development is a long-term project. 2020/21 will see the Fund's final liquid assets transfer into the pool as the remaining tranches of sub-funds are established in the asset pool. In parallel, ACCESS is developing a pool level solution for investing in illiquid assets, a continuation of the project that commenced during 2019/20, which is expected to continue throughout 2020/21 and beyond. Finally, officers are supporting the launch of an emerging markets equities sub-fund.

Year-end status: Continuing into 2021/22.

Comments: Full details of this activity are held in the 2021/22 Business Plan and Medium Term Strategy.

#### 3.5.4 Tender for an independent investment advisor (INV4)

Action: In September 2019 the Investment Sub-Committee resolved to procure an independent investment advisor for the Fund. The procurement commenced in quarter 4 of 2019/20, however due to the pandemic the award of contract date remains uncertain until face-to-face interviews can be undertaken.

Year-end status: Completed.

Comments: Concluded September 2020 with the successful party introduced to the Investment Sub Committee in November 2020.

### 3.5.5 Reviews the Fund's Responsible Investment Policy (INV5)

Action: Following significant developments in stakeholder expectation with regards to Responsible Investment (RI), the Fund will undertake training on current issues and best practice and reassess the RI beliefs of the current Pension Fund Committee and Pension Fund Board. This will inform the development of the Fund's RI Policy and subsequent incorporation of this Policy into the Fund's Investment Strategy. The amended Investment Strategy will then be subject to consultation with stakeholders.

Year-end status: Continuing into 2021/22.

Comments: Full details of this activity are held in the 2021/22 Business Plan and Medium Term Strategy.

### 3.5.6 Review the Real Estate Strategy (INV6)

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

Year-end status: Continuing into 2021/22.

Comments: Full details of this activity are held in the 2021/22 Business Plan and Medium Term Strategy.

### 3.5.7 Re-tender collaboratively with ACCESS partners to procure a global custody services provider (INV7)

Action: The Pension Fund Committee approved in principle the collective procurement of a global custodian, alongside ACCESS partners, in time to transition the Fund's custody arrangements to the chosen provider (if not the existing provider) before the expiry of the Fund's extended contract with Northern Trust. Delivery of this activity is firstly, dependent upon collaboration with fellow LGPS Funds in the creation of a procurement framework and secondly with ACCESS partners in calling off the new framework. Note the Fund has extended its existing global custody arrangements until 30<sup>th</sup> September 2021.

Year-end status: On target to complete by September 2021

Comments: Full details of this activity are held in the 2021/22 Business Plan and Medium Term Strategy.

#### 4. Relevant Fund objectives

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

#### 5. Risk Management

5.1 The Pension Fund Committee approves the Annual Business Plan and Medium-Term Strategy every March for the upcoming year. The plan highlights the key activities of the Fund and the progress of these activities are reported through the Business Plan Update reports provided to the Pension Fund Committee and Pension Fund Board at every meeting.

5.2 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 |
|----------|-------------------------------------------------------------------------------------------|----------------------|
| 8.       | Those charged with the governance are unable to fulfil their responsibilities effectively | Green                |
| 14.      | Failure to administer the scheme in line with regulations and guidance                    | Green                |
| 16.      | Pension Fund objectives not defined and agreed                                            | Green                |

5.3 A full version of the Fund risk register can be found [here](#).

#### 6. Communication Implications

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

#### 7. Finance & Resources Implications

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

#### 8. Legal Implications

8.1 Not applicable

#### 9. Consultation with Key Advisers

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

#### 10. Alternative Options Considered

10.1 Not applicable

#### 11. Background Papers

11.1 Annual Business Plan and Medium Term Strategy 2020/21 can be found [here](#).

12. Appendices

12.1 Appendix 1 – Full list of Key Fund Activities for the 2020/21 financial year.

12.2 Appendix 2 – Variances against the forecast of investments and administration expenses based on original setting of assumptions.

| Checklist of Key Approvals                        |                                           |
|---------------------------------------------------|-------------------------------------------|
| Has this report been cleared by Head of Pensions? | Mark Whitby – 12 <sup>th</sup> April 2021 |

## Appendix 1 – Full list of Key Fund Activities for the 2020/21 financial year.

### Service delivery

| Reference | Key action/task                                                                                                          |
|-----------|--------------------------------------------------------------------------------------------------------------------------|
| SD1       | Undertake a review of the Business Continuity Plan                                                                       |
| SD2       | Undertake an analysis of the risks faced by the Fund as a result of cyber-crime and put in place appropriate mitigations |
| SD3       | Retender/extend contract for actuarial, benefits and governance consultancy services                                     |
| SD4       | Extension of pensions administration and payroll software                                                                |
| SD5       | Re-tender/extend contract for mortality screening and address tracing services                                           |

### Governance and Compliance

| Reference | Key action/task                                                                     |
|-----------|-------------------------------------------------------------------------------------|
| GC1       | Complete the Guaranteed Minimum Pension rectification                               |
| GC2       | Obtain Pensions Administration Standards Association (PASA) accreditation           |
| GC3       | Conduct market testing and procure a supplier of independent data auditing services |

### Communications, Systems and Employer Management

| Reference | Key action/task                                                                        |
|-----------|----------------------------------------------------------------------------------------|
| CSEM1     | Undertake a digital strategy review                                                    |
| CSEM2     | Scope requirements for data collection in respect of the LGPS Transitional Protections |
| CSEM3     | Prepare for the 2022 Valuation of the Pension Fund                                     |
| CSEM4     | Implement multiple investment strategies                                               |

### Operations

| Reference | Key action/task                                           |
|-----------|-----------------------------------------------------------|
| OPS1      | Resolution of unprocessed leaver records                  |
| OPS2      | Scope and conduct potential liability reduction exercises |

### Investments

| Reference | Key action/task                                                                              |
|-----------|----------------------------------------------------------------------------------------------|
| INV1      | Implement strategic allocation to Fixed Income                                               |
| INV2      | Re-tender for investment consultancy services                                                |
| INV3      | Continue development of the asset pool                                                       |
| INV4      | Tender for an independent investment adviser                                                 |
| INV5      | Review the Fund's Responsible Investment Policy                                              |
| INV6      | Review the Real Estate strategy                                                              |
| INV7      | Re-tender collaboratively with ACCESS partners to procure a global custody services provider |

Appendix 2 – Variances against the forecast of investments and administration expenses based on original setting of assumptions

| Fund Account                                                                                  | 2020-21 Estimate | 2020-21 Forecast | Variance        | Comments                                                                                                                                        |
|-----------------------------------------------------------------------------------------------|------------------|------------------|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                               | £000             | £000             | £000            |                                                                                                                                                 |
| Contributions                                                                                 | 130,000          | 141,171          | 11,171          | The increase in contributions reflects a couple of employers paying their 3-year deficit in the first year following the 2019 valuation.        |
| Transfers in from other pension funds                                                         | 5,200            | 21,861           | 16,661          | Includes large transfer in from Lincolnshire (£15.5m) originally projected in 21/22 but paid in 20/21                                           |
| <b>Total income</b>                                                                           | <b>135,200</b>   | <b>163,032</b>   | <b>27,832</b>   |                                                                                                                                                 |
| Benefits payable                                                                              | (114,000)        | (108,229)        | 5,771           | Benefits have increased in line with membership against prior year figures, however they have not increased in line with 3 year member averages |
| Payments to and on account of leavers                                                         | (10,200)         | (11,575)         | (1,375)         | Large transfer out to Norfolk (£4.8m)                                                                                                           |
| <b>Total Payments</b>                                                                         | <b>(124,200)</b> | <b>(119,804)</b> | <b>4,396</b>    |                                                                                                                                                 |
| Net additions/(withdrawals) from dealings with members                                        | <b>11,000</b>    | <b>43,228</b>    | <b>32,228</b>   |                                                                                                                                                 |
| Management Expenses                                                                           | (5,149)          | (4,551)          | 598             | See below                                                                                                                                       |
| <b>Total income less expenditure</b>                                                          | <b>5,851</b>     | <b>38,667</b>    | <b>32,826</b>   |                                                                                                                                                 |
| Investment income                                                                             | <b>40,000</b>    | <b>23,000</b>    | <b>(17,000)</b> | Income is significantly below forecasted levels due to the impact of the pandemic and transfer of assets to pooled funds.                       |
| Taxes on income                                                                               | -                | -                | -               |                                                                                                                                                 |
| Profit and (losses) on disposal of investments and changes in the market value of investments | <b>69,000</b>    | <b>686,700</b>   | <b>617,700</b>  | The Fund has significantly outperformed the Fund Actuary's investment growth assumption over the course of the year to 31 Dec 2020              |
| <b>Net return on investments</b>                                                              | <b>109,000</b>   | <b>709,700</b>   | <b>600,700</b>  |                                                                                                                                                 |
| <b>Net increase/(decrease) in the net assets available for benefits during the year</b>       | <b>114,851</b>   | <b>748,377</b>   | <b>633,526</b>  |                                                                                                                                                 |
| Management Expenses                                                                           | 2020-21 Estimate | 2020-21 Forecast | Variance        | Comments                                                                                                                                        |
|                                                                                               | £000             | £000             | £000            |                                                                                                                                                 |
| Total Administration                                                                          | (2,644)          | (2,747)          | (103)           | See below                                                                                                                                       |

|                                    |                |                |            |                                                                                                                    |
|------------------------------------|----------------|----------------|------------|--------------------------------------------------------------------------------------------------------------------|
| Expenses                           |                |                |            |                                                                                                                    |
| Total Governance Expenses          | (784)          | (740)          | 44         | Decrease in Cllr training, hire of facilities due to COVID 19 and legal and consultancy costs lower than expected. |
| Total Investment Invoiced Expenses | (1,721)        | (1,064)        | 657        | Investment assets moving into pooled arrangements                                                                  |
| <b>Total Management Expenses</b>   | <b>(5,149)</b> | <b>(4,551)</b> | <b>598</b> |                                                                                                                    |

| Administration Expenses Analysis     | 2020-21 Estimate | 2020-21 Forecast | Variance     | Comments                                                                                                                                                                        |
|--------------------------------------|------------------|------------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                      | £000             | £000             | £000         |                                                                                                                                                                                 |
| Staff Related                        | (1,423)          | (1,524)          | (101)        | Vacancy factor lower than forecast due to COVID-19 plus the addition of one Pension Officer within Service. There has been a reduction in agency cost and staff training costs. |
| Altair System and payroll system     | (336)            | (355)            | (19)         |                                                                                                                                                                                 |
| Data Improvement Projects            | (313)            | (361)            | (48)         | Additional software licensing costs for third party project activity                                                                                                            |
| Communications                       | (71)             | (21)             | 50           |                                                                                                                                                                                 |
| Other Non-Pay and Income             | (16)             | (1)              | 15           |                                                                                                                                                                                 |
| County Council Overhead Recovery     | (485)            | (485)            | -            |                                                                                                                                                                                 |
| <b>Total Administration Expenses</b> | <b>(2,644)</b>   | <b>(2,747)</b>   | <b>(103)</b> |                                                                                                                                                                                 |

## Cambridgeshire Pension Fund

Pension Fund Board

Date: 23 April 2021

Report by: Head of Pensions

|                       |                                                                                                                                                |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Subject:              | Pension Fund Annual Business Plan and Medium-Term Strategy 2021/22 to 2023/24                                                                  |
| Purpose of the Report | To present the Annual Business Plan and Medium-Term Strategy which details the Fund's key areas of activity over the period 2021/22 to 2023/24 |
| Recommendations       | The Board is asked to note the attached Business Plan and Medium-Term Strategy                                                                 |
| Enquiries to:         | Mark Whitby – Head of Pensions<br>Email: <a href="mailto:mwhitby@northamptonshire.gov.uk">mwhitby@northamptonshire.gov.uk</a>                  |

### 1. Background

1.1 It is considered good governance for the Cambridgeshire Pension Fund to adopt a Business Plan and Medium-Term Strategy that:

- Sets out the objectives of the administering authority with regards to the management of the Fund;
- Documents the priorities and improvements to be implemented during the next three years to help achieve those objectives;
- Enables progress and performance to be monitored in relation to those priorities; and
- Provides a clear vision for the next three years.

1.2 The Business Plan and Medium-Term Strategy for the Cambridgeshire Pension Fund was approved by the Pension Fund Committee on 25<sup>th</sup> March 2021 and can be found in Appendix 1.

### 2. The Business Plan and Medium-Term Strategy

2.1 The Business Plan and Medium-Term Strategy concentrates on activities that are not considered business as usual, identifying key milestones and budget requirements. It is split into the following core areas:

- Procurement of services
- Core governance activities
- Scheme member and data projects

- Scheme employer projects
- Investment related activities

2.2 Progress made against the Business Plan will continue to be reported to the Board at each meeting via the Business Plan Update report or other relevant report (where appropriate). Where progress against the Business Plan has fallen behind schedule further detail will be provided.

2.3 Estimated costs for the activities in appendix 1 have been detailed alongside the activity and within the financial forecasting for the relevant years. Where further costs become known during the course of the new financial year these will be notified to the Board via the Business Plan Update report.

### 3. Relevant Fund Objectives

|                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. |
| To continually monitor and measure clearly articulated objectives through business planning.                                                                                                                                       |
| Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.                                                                                                               |

### 4. Finance & Resources Implications

4.1 Performance against the financial estimates in the Business Plan will be presented to the Committee each meeting. The Business Plan sets out the cost of each activity where known and where costs become known during the course of the year the Board will be updated accordingly.

### 5. Risk Management

5.1 The 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 Committee and Pension Fund Board at every meeting.

5.2 The risks associated with failing to monitor progress made against the Business Plan and Medium-Term Strategy have been captured in the Fund's risk register as detailed below.

| Risk No | Risk                                                                                                                         | Residual risk rating |
|---------|------------------------------------------------------------------------------------------------------------------------------|----------------------|
| 8       | Those charged with the governance of the Fund and scheme are unable to fulfil their responsibilities effectively             | Green                |
| 16      | Pension Fund objectives are not defined and agreed.                                                                          | Green                |
| 17      | Failure to provide relevant information to the Pension Fund Committee/Pension Fund Board to enable informed decision making. | Green                |

5.3 The Fund's full risk register can be found on the Fund's website, [here](#).

6. Communication Implications

|                       |                                                                                                                                     |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Direct Communications | An update on progress made against the activities in the Business Plan will be presented to the Pension Fund Board at each meeting. |
| Website               | The Business Plan will be published on the Fund's website.                                                                          |

7. Legal Implications

7.1 Not applicable.

8. Consultation with Key Advisers

8.1 The Fund's current key advisers have been consulted in the Business Plan and Medium-Term Strategy where necessary.

9. Alternative Options Considered

9.1 Not applicable.

10. Background Papers

10.1 Not applicable.

11. Appendices

11.1 Appendix 1 – Appendix 1 Annual Business Plan and Medium-Term Strategy 2021/22 to 2023/24

|                                                   |                             |
|---------------------------------------------------|-----------------------------|
| <b>Checklist of Key Approvals</b>                 |                             |
| Has this report been cleared by Head of Pensions? | Mark Whitby – 12 April 2021 |



Annual Business Plan and Medium Term Strategy

2021/22 to 2023/24

Cambridgeshire Pension Fund

*Part 1*

## Introduction

This is the business plan for the Cambridgeshire Pension Fund which is managed and administered by Cambridgeshire County Council. The business plan details the priorities and areas of key focus in relation to the Cambridgeshire Pension Fund for 2021/22, 2022/23 and 2023/24. The business plan was approved at the Pension Fund Committee meeting on 25<sup>th</sup> March 2021. The business plan is monitored throughout the year and the Pension Committee may be asked to agree changes to it.

The purpose of the business plan is to:

- Explain the background and objectives of Cambridgeshire County Council in respect of the management of the Cambridgeshire Pension Fund;
- Document the priorities and improvements to be implemented during the next three years to help achieve those objectives;
- Enable progress and performance to be monitored in relation to those priorities; and
- Provide a clear vision for the next three years.

In addition, the business plan includes a budget for expected payments to and from the Cambridgeshire Pension Fund during 2021/22 including the resources required to manage the Fund.

## Further information

If you require further information about anything included or in related to this business plan please contact:

Mark Whitby, Head of Pensions  
[mark.whitby@westnorthants.gov.uk](mailto:mark.whitby@westnorthants.gov.uk)  
07990 556197

## Background to the Cambridgeshire Pension Fund

The Cambridgeshire Pension Fund is a £3.704bn\* Local Government Pension Fund which provides retirement and death benefits for local government employees (other than teachers) in Cambridgeshire and employees of other qualifying bodies which provide similar services.

The Fund's total membership\* is approximately 89,500 of which 27,800 are active members from over 340\* individual contributing employers and approximately 61,700 retired, survivor, deferred and other members.

*\*As at 31 December 2020*

## Governance and management of the Fund

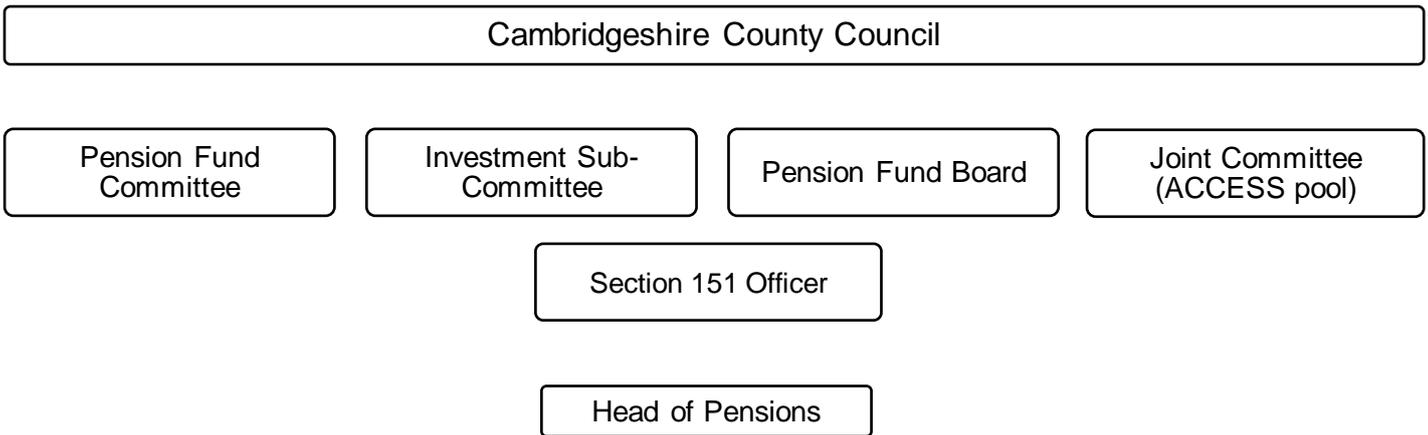
The key decision making and management of the Fund has been delegated by Cambridgeshire County Council (the administering authority) to a formal Pension Fund Committee, supported by an Investment Sub-Committee that looks at the operational governance of investment issues.

The Cambridgeshire County Council's Section 151 Officer has a statutory responsibility for the proper financial affairs of the Council including Pension Fund matters.

Eleven authorities, including Cambridgeshire County Council, are working collaboratively to meet the Government's asset pooling agenda by forming the ACCESS pool. A Joint Committee with representation from each Fund has been formed to oversee the governance of the pool.

A Local Pension Board is in place to assist in securing compliance of Fund matters and ensuring the efficient and effective governance and administration of the Fund.

The governance structure is detailed below:



## Administration of the Fund

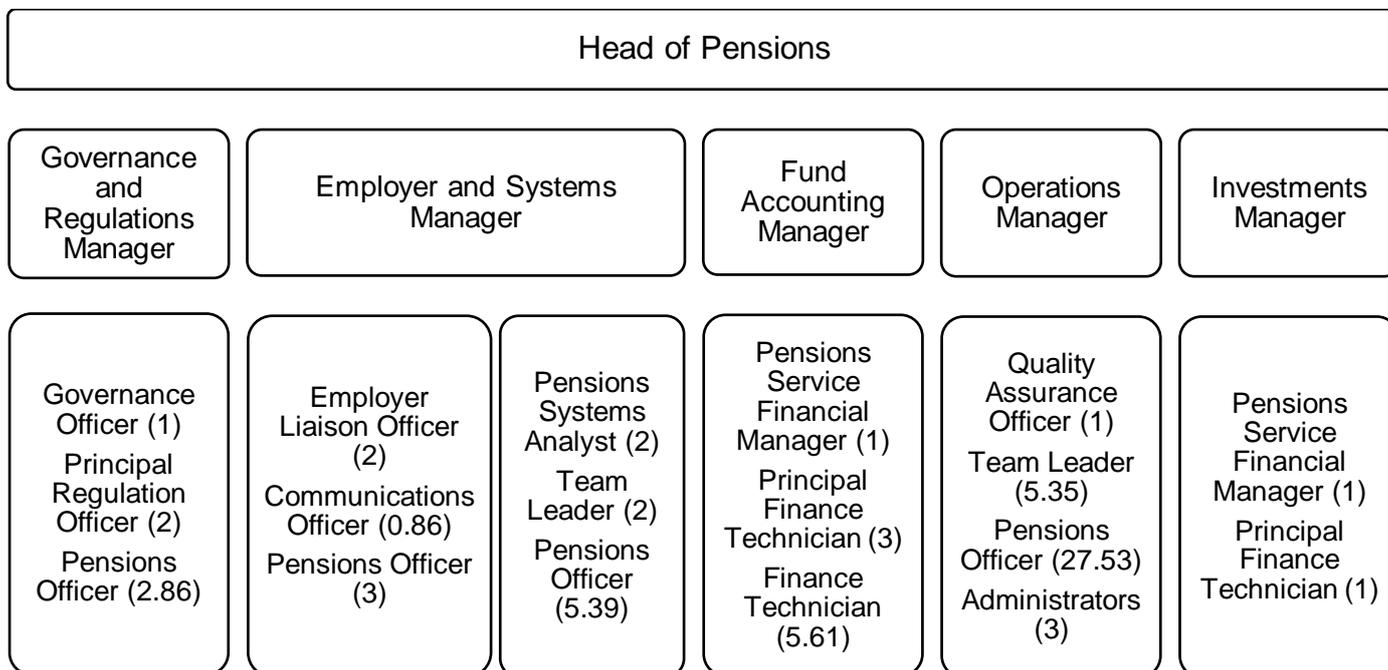
The Cambridgeshire and Northamptonshire Pension Funds have been administered under a shared service arrangement since 2012, initially by LGSS. On 1 December 2020 administration moved to a lead authority model with the lead authority being Northamptonshire County Council, working in partnership with Cambridgeshire County Council. On 1 April 2021 West Northamptonshire Council became the lead authority following local government reorganisation in Northamptonshire. The Funds remain two distinct entities.

Management and administration of both Funds is based at One Angel Square in Northampton. The Funds have benefited from cost savings through the ability to procure services such as custodian, actuarial, benefits, governance and investment consultancy on a joint basis as well as streamlining the provision of the administration functions.

The day to day operations of the Fund are managed by the Head of Pensions who is supported by five teams:

- The Operations Team is responsible for providing the full range of casework administration services. The team delivers a service that includes the calculation of retirement, deferred, death and survivor benefits, transfers in and out, refunds and member record maintenance.
- The Systems Team is responsible for maintaining the pension administration, payroll, employer and member self-service systems, reconciling membership data received from employers and the production of annual benefit statements.
- The Employers Team provides support to employers being admitted to and leaving the scheme, managing the triennial actuarial valuation process and liaison with scheme employers with regards to the responsibilities required of them. Scheme member and employer communications form a significant part of the team's function which ranges from the design and management of the Fund's website, presentations, workshops, newsletters and written communications.
- The Governance and Regulations Team is responsible for managing agendas, producing reports and delivering training to the Pension Committee and Local Pension Board. In addition, the team takes the lead in the development of strategic policies relating to the operation, governance and management of the Fund and monitors compliance with prevailing LGPS specific and overriding legislation. The team specialises in data quality, information governance and pension taxation.
- The Investments Team is responsible for liaison with the ACCESS asset pool and governance over the Fund's investments whether held directly or by the ACCESS pool, reporting to the Investment Sub-Committee and other Committees as required.
- The Fund Accounting Team provide the financial control function to the Fund. It manages and accounts for the receipt of contributions from employers, processes the Fund's financial transactions and oversees the production and audit of the Annual Report and Statement of Accounts.

The structure of the Pensions Service which provides administration services to both the Cambridgeshire Pension Fund and the Northamptonshire Pension Fund, as at 31 March 2021 is illustrated below:



### Objectives for the management of the Fund

The Fund's agreed objectives are detailed as follows;

- To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
- To continually monitor and measure clearly articulated objectives through business planning.
- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- To ensure regular monitoring of employer covenants, putting in place mitigations of adequate strength to protect the Fund.
- To ensure appropriate exit strategies are put in place both in the lead up to and termination of a scheme employer.
- To put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary.
- To ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer.
- To administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.
- To maintain accurate records and ensure data is protected and used for authorised purposes only.
- To promote the scheme as a valuable benefit.
- To deliver consistent plain English communications to stakeholders.
- To provide scheme members with up to date information about the scheme in order that they can make informed decisions about their benefits.
- To seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.

- To ensure cash flows in to and out of the Fund are timely and of the correct amount.
- To ensure the long-term solvency of the Fund, taking a prudent long term view, so that sufficient funds are available to meet all members’/dependants’ benefits as they fall due for payment.
- To put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy.
- To maximise investment returns over the long term within agreed risk tolerances.
- To ensure an appropriate cash management strategy is in place so that net cash outgoings can be met as and when required.

## Business as usual

The appendix to the business plan highlights the key priorities for the next three years and focuses on areas of change and projects which are in addition to day to day “business as usual” duties. On a day to day basis the focus is on the following key elements of Fund management:

- Paying pension benefits to beneficiaries as prescribed by the LGPS Regulations.
- Communicating with scheme members about their membership of the Fund.
- Ensuring all pension contributions that are paid by active members are received as prescribed by the LGPS.
- Ensuring all employers pay their pension contributions.
- Safeguarding the money in the Fund (the Fund’s assets).
- Investing any Fund assets that are in excess of those needed to pay immediate benefits.
- Working with the Scheme Actuary to ensure that the amount employers pay into the Fund is sufficient to pay future pension benefits.

Managing this on a day to day basis involves a wide range of processes and procedures designed around achieving the Fund’s objectives. The Fund is large, complex and highly regulated. As such these processes and procedures require expert knowledge and experience as illustrated below.

## Governance

- Setting the agenda, reporting and presenting to the Pension Committee, Investment Sub-Committee and Local Pension Board.
- Implementing and monitoring areas such as the training, risk management, reporting breaches of the law and compliance with the Pensions Regulator’s code of practice.
- Ensuring adherence to the administering authority’s and legal requirements for procurement and data protection.
- Procurement of advisers and other services.
- Assisting internal and external auditors in their role.
- Responding to freedom of information requests.
- Participation in the Joint Committee of the ACCESS pool.

## Accountancy

- Preparing and publishing the Fund’s annual report.
- Completing the annual accounts and assisting with external auditors.
- Preparing the annual budget and monitoring quarterly.
- Preparation of statutory and non-statutory returns as required.
- Conducting monthly bank reconciliations.
- Quarterly cash flow and treasury management.

- Monthly monitoring of income and expenditure including employer and scheme member contributions.
- Invoicing of employers for pensions strain and unfunded benefits.

## Funding

- Agreeing the funding strategy with the Fund Actuary every three years, consulting with employers and monitoring continued appropriateness annually.
- Managing the triennial valuation alongside the Fund Actuary, providing membership and cash flow data and appropriately communicating with scheme employers.
- Monitoring the covenant of scheme employers including their ability to pay contributions and managing those who wish to join or cease membership of the scheme.
- Managing the FRS/IAS reporting cycles alongside the Fund Actuary, based on employer specifications and appropriately communicating with Scheme Employers.

## Investments

- Monitoring and reporting on the Fund's funding position.
- Carrying out a review of the investment strategy at appropriate intervals.
- Managing the Fund's assets through the asset pool arrangements or directly for non-pool aligned assets.
- Monthly monitoring and implementation of the tactical asset allocation decisions.
- Working with other LGPS Funds within ACCESS to ensure the pool meets the Fund's strategic investment requirements.

## Administration

- Providing ongoing information to scheme members and their beneficiaries as they join, leave or change status.
- Calculating and notifying scheme members of their entitlement to pension and death benefits.
- Providing quotations of retirement benefits including any additional costs to scheme employers.
- Providing information on how scheme members can increase their pension benefits.
- Maintaining scheme member records.
- Providing an online scheme member and scheme employer self-service facility.
- Administering the internal dispute resolution procedure.

## Payroll

- Calculating and paying monthly pensions to pensioners and beneficiaries.
- Issuing of payslips at appropriate times.
- Issuing P60s.
- Investigating returned payments and dealing with any under or overpayment of pensions.
- Updating and maintaining accuracy of pensioner member details.

## Communication

- Providing annual benefit statements to all active and deferred scheme members.
- Providing information to members via one to one sessions, workshops and newsletters.
- Maintaining the Fund's website.
- Providing new scheme employers with information about their responsibilities.
- Providing ongoing training and technical updates to employers.

## Technical

- Maintaining and updating the pensions administration system.
- Ensuring presence, accuracy and regular review of scheme member data in line with the expectations of the Pensions Regulator and to comply with the General Data Protection Regulations.
- Providing guidance on changes in processes following new or amending legislation.
- Reporting on progress against key performance indicators and daily work management.
- Providing reports and extracts for GAD and other government departments.
- Reporting and making payments to HMRC.
- Processing bulk updates to member records such as new joiners and leavers, pensions increase and year-end or monthly contributions.

## The plan for the next three years

### Key challenges and influences

The current environment is such that there is an unprecedented volume of external factors that could impact the management of the Fund:

- The continued impact of the pandemic on management, investment and administration.
- The increased oversight by the Pensions Regulator and the issuance of the new singular code of practice where compliance must be achieved within 12 months.
- New and amending regulations affecting the Local Government Pension Scheme including the currently revoked £95k exit cap, the remedy resulting from the McCloud high court ruling and the paused national LGPS cost control review and a number of regulatory changes impacting on scheme employers.
- The requirement to rectify member contracted out data held by the scheme with that held by HMRC following significant delays in HMRC issuing the final correct data.
- The increasing number of scheme members affected by the government's pensions tax regime and reducing allowances on pension savings.
- The ongoing implementation of the government's requirements to pool LGPS pension fund assets with other Funds.
- Maintaining the skills and knowledge of officers and Committee and Board members to comply with the requirements of MIFIDII, CIPFA's new skills and knowledge framework and new statutory guidance stemming from the Scheme Advisory Board's Good Governance Review.
- The increasing number of scheme employers due to alternative provision models within the local government universe.
- Finding innovative and digital ways of working for the benefit of the Fund, the member and the scheme employer to achieve the Fund's strategies on administration, communication and employer engagement.
- The increasing scrutiny and transparency on data quality.
- To stay ahead of the increasingly sophisticated challenges presented by cyber-crime.
- Evidencing savings and improved investment governance arising from asset pooling.
- The risk of members being exposed to potential scams and the increasing requirements of the Fund to provide protection against this.

These and other priorities for the next three years are articulated in more detail in the appendix to this business plan, split into five sections:

- Procurement of services
- Core governance activities
- Scheme member and data projects
- Scheme employer projects
- Investment related activities.

## Budget

All the costs associated with the management of the Fund are charged to the Fund and not Cambridgeshire County Council. The following shows the expected income and expenditure (cash flow) of the Fund as well as the anticipated operating costs.

### Cash flow projection 2020/21 to 2023/24

The following tables provide estimates of the Fund account, investment and administration income and expenditure for the next three years.

|                                                                                                                            | <b>2020/21<br/>Estimate</b> | <b>2020/21<br/>Forecast</b> | <b>2021/22<br/>Estimate</b> | <b>2022/23<br/>Estimate</b> | <b>2023/24<br/>Estimate</b> |
|----------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                                                                                                            | <b>£000</b>                 | <b>£000</b>                 | <b>£000</b>                 | <b>£000</b>                 | <b>£000</b>                 |
| Contributions <sup>1</sup>                                                                                                 | 130,000                     | 147,696                     | 119,000                     | 121,000                     | 123,000                     |
| Transfers in from other pension funds <sup>2</sup>                                                                         | 5,200                       | 6,708                       | 23,000                      | 7,000                       | 7,000                       |
| <b>TOTAL INCOME</b>                                                                                                        | <b>135,200</b>              | <b>154,404</b>              | <b>142,000</b>              | <b>128,000</b>              | <b>130,000</b>              |
| Benefits payable                                                                                                           | (114,000)                   | (111,352)                   | (113,000)                   | (115,000)                   | (117,000)                   |
| Payments to and on account of leavers <sup>2</sup>                                                                         | (10,200)                    | (6,891)                     | (7,000)                     | (7,000)                     | (7,000)                     |
| <b>TOTAL PAYMENTS</b>                                                                                                      | <b>(124,000)</b>            | <b>(118,243)</b>            | <b>(120,000)</b>            | <b>(122,000)</b>            | <b>(124,000)</b>            |
|                                                                                                                            | <b>11,000</b>               | <b>36,161</b>               | <b>22,000</b>               | <b>6,000</b>                | <b>6,000</b>                |
| Management expenses                                                                                                        | (5,149)                     | (4,585)                     | (4,173)                     | (4,177)                     | (4,231)                     |
| <b>TOTAL INCOME LESS EXPENDITURE</b>                                                                                       | <b>5,851</b>                | <b>31,576</b>               | <b>17,827</b>               | <b>1,823</b>                | <b>1,769</b>                |
| Investment income less                                                                                                     | 40,000                      | 23,000                      | 34,000                      | 35,000                      | 36,000                      |
| Taxes on income (Profit) and losses on disposal of investments and changes in the market value of investments <sup>3</sup> | -                           | -                           | -                           | -                           | -                           |
|                                                                                                                            | 69,000                      | 686,700                     | 150,000                     | 156,000                     | 163,000                     |
| <b>NET RETURN ON INVESTMENTS</b>                                                                                           | <b>109,000</b>              | <b>709,700</b>              | <b>184,000</b>              | <b>191,000</b>              | <b>199,000</b>              |
| <b>Net (increase)/decrease in net assets available for benefits during the year</b>                                        | <b>114,851</b>              | <b>741,276</b>              | <b>201,827</b>              | <b>192,823</b>              | <b>200,769</b>              |

Notes:<sup>1</sup> Contributions and benefits are based upon underlying trends in membership and contribution rates, pensions in payment and expected increases.

<sup>2</sup> Future estimated transfers in and out have been based upon the average of individual transfers in and out of the scheme over the period 2015/16 to 2019/20. Transfers in include a large group transfer (circa £16m) scheduled to be received in 2021/22.

<sup>3</sup>Return on Investments have been calculated by applying the long-term actuarial assumption for investment growth (+4.1%) per annum.

#### Management expenses

|                                        | <b>2020/21<br/>Estimate</b> | <b>2020/21<br/>Forecast</b> | <b>2021/22<br/>Estimate</b> | <b>2022/23<br/>Estimate</b> | <b>2023/24<br/>Estimate</b> |
|----------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                        | <b>£000</b>                 | <b>£000</b>                 | <b>£000</b>                 | <b>£000</b>                 | <b>£000</b>                 |
| Total administration expenses          | (2,644)                     | (2,791)                     | (2,539)                     | (2,500)                     | (2,509)                     |
| Total governance expenses              | (784)                       | (697)                       | (720)                       | (726)                       | (732)                       |
| Total investment expenses <sup>4</sup> | (1,721)                     | (1,097)                     | (914)                       | (951)                       | (990)                       |
| <b>TOTAL MANAGEMENT EXPENSES</b>       | <b>(5,149)</b>              | <b>(4,585)</b>              | <b>(4,173)</b>              | <b>(4,177)</b>              | <b>(4,231)</b>              |

Notes:<sup>4</sup>Investment expenses estimates include management fees for property funds. These will reduce once property has migrated into the asset pool, however timescales for property transitions are yet to be confirmed.

#### Administration expenses

|                                          | <b>2020/21<br/>Estimate</b> | <b>2020/21<br/>Forecast</b> | <b>2021/22<br/>Estimate</b> | <b>2022/23<br/>Estimate</b> | <b>2023/24<br/>Estimate</b> |
|------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                          | <b>£000</b>                 | <b>£000</b>                 | <b>£000</b>                 | <b>£000</b>                 | <b>£000</b>                 |
| Staff related                            | (1,423)                     | (1,519)                     | (1,597)                     | (1,600)                     | (1,603)                     |
| Altair administration and payroll system | (336)                       | (355)                       | (365)                       | (366)                       | (366)                       |
| Data improvement projects                | (313)                       | (350)                       | (49)                        | -                           | -                           |
| Communications                           | (71)                        | (71)                        | (24)                        | (25)                        | (26)                        |
| Other non pay and income                 | (16)                        | (11)                        | (15)                        | (16)                        | (17)                        |
| Council overhead recovery                | (485)                       | (485)                       | (489)                       | (493)                       | (497)                       |
| <b>TOTAL ADMINISTRATION EXPENSES</b>     | <b>(2,644)</b>              | <b>(2,791)</b>              | <b>(2,539)</b>              | <b>(2,500)</b>              | <b>(2,509)</b>              |

## Delivering the business plan

### Monitoring and reporting

In order to identify whether the agreed business plan is being met progress on the key priorities and budgets will be monitored by the Fund management team and reported to the Pension Committee and Pension Fund Board at every meeting.

The updates will:

- Highlight any areas where the target is exceeded or where the target has not been achieved and the reasons why and identify any changes in response to the planned priorities as a result of this.
- Highlight any significant additional spend or underspend in relation to the agreed budget as it becomes apparent.

### Risk Management

The Cambridgeshire Pension Fund has embedded risk management into the governance of the Fund. The Pension Committee has approved a Risk Strategy and a detailed Risk Register is maintained and reviewed by the Pension Fund Board at every meeting. Changes to the level of risk are reported to the Pension Committee at every other meeting, or more frequently if necessary.

The table below lists the Fund's highest rated risks as at February 2021. The full risk register can be found on the Fund's website at the following link:

<https://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

| Risk                                                                                                                                 | Residual risk rating |
|--------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Employers are unable to pay increased contribution rates.                                                                            | Amber                |
| Failure to respond to changes in economic conditions.                                                                                | Amber                |
| As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments. | Amber                |
| Contributions to the Fund are not received on the correct dates and/or for the correct amount.                                       | Amber                |
| Fund assets are not sufficient to meet obligations and liabilities.                                                                  | Amber                |

Key Activities

Part 2

The key activities have been split into the following sections:

- Procurement of services
  - Re-tender for strategic investment advisory services
  - Re-tender for global custody services
  - Review contracts for actuarial, benefits and governance consultancy services
  - Re-tender for pensions administration and pensioner payroll platform
- Core governance activities
  - Review the Business Continuity Plan
  - Develop the Fund's cyber-resilience strategy
  - Obtain the Pensions Administration Standards Association (PASA) accreditation
- Scheme member and data projects
  - Complete the Guaranteed Minimum Pension Rectification
  - Prepare for the application of the McCloud age discrimination remedy
  - Prepare for the 2022 Valuation of the Pension Fund
  - Processing of undecided leaver records
  - Scope and conduct potential liability reduction exercises
- Scheme employer projects
  - Implement multiple investment strategies
  - Conduct specific employer covenant monitoring
- Investment related activities
  - Continue development of the asset pool
  - Review the Fund's Responsible Investment Policy
  - Review the Property Strategy
  - Review of performance reporting and benchmarks

## Procurement of services

### Re-tender for strategic investment advisory services

This continues the work undertaken in 2020/21 to re-tender the investment advisory services contract that is currently awarded to Mercer LLC that expires on 30 September 2021 by performing a mini competition on the National LGPS Framework. The November 2020 Investment Sub-Committee approved the timetable and the proposed contract term for the Consultancy re-tender and approved the launch of a re-tender for the Investment Management Performance Reporting contract currently provided by Mercer, should this be necessary. The RFQ for the Investment Consultancy contract was issued in February 2021 and responses from suppliers due in March 2021. The second stage supplier interviews are scheduled in March 2021 and the preferred supplier will be notified in early 2021/22.

This is a joint procurement with the Northamptonshire Pension Fund for a single supplier to benefit from the efficiencies of a shared service. Each Fund will have separate contractual arrangements.

Budget required: All internal costs will be met by existing resources, other costs such as the fee for the use of the National LGPS Framework, procurement support and external legal support are estimated as £25k and have been provided for within the 2021/22 budget.

| Key Milestones                                                                                         | Dates                       |
|--------------------------------------------------------------------------------------------------------|-----------------------------|
| Notify successful supplier                                                                             | April 2021                  |
| Complete Consultancy procurement / complete National Frameworks Order                                  | June 2021                   |
| Complete Management Performance Reporting procurement/ complete National Frameworks Order, if required | June 2021                   |
| Transition/handover (including historical performance data)                                            | July 2021 to September 2021 |
| New contract begins                                                                                    | 1 October 2021              |
| Strategy health check                                                                                  | 31 March 2022               |

### Re-tender for global custody services

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

Budget required: All internal costs will be met by existing resources and are included within the Fund's budget. The Fund's share of the Framework set-up costs estimated to be £17k are included in the 2021/22 budget and will be offset over time by fees paid by other users calling off the framework. Estimated costs for legal and procurement support for the Fund's call-off of £20k are also included in the 2021/22 budget. Any further financial implications will be included in Investment Sub Committee reports as required.

| Key Milestones                                            | Dates                        |
|-----------------------------------------------------------|------------------------------|
| Work with ACCESS partners to call off a common custodian. | December 2020 to June 2021*  |
| Complete transition to the new custodian (if required).   | July 2021 to September 2021* |

\*Due to the collaborative nature of this procurement and time and resource pressures across the eleven ACCESS Funds these dates may slip and an extension of the existing arrangement required.

### Review contracts for actuarial, benefits and governance consultancy services

The existing separate contracts for actuarial, benefits and governance consultancy services are due to expire on 1 April 2023 with the option to extend for a further 12 months. Consideration will need to be given as to whether the separate contracts should be extended together at or if it is appropriate to conduct procurements earlier to tie in with future activity required from these contracts. The procurement will be on a joint basis with the Northamptonshire Pension Fund using the National LGPS Framework.

Budget required: All internal costs in the procurement process will be met by the existing budget. Any external procurement and legal costs will be notified to the Pension Fund Committee at the time through an appropriate report.

| Key Milestones                                      | Dates     |
|-----------------------------------------------------|-----------|
| Decision whether to procure or extend each contract | June 2021 |

### Retender for pensions administration and pensioner payroll platform

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

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

Budget required: All internal costs in the procurement process will be met by the existing budget. Any external procurement and legal costs will be notified to the Pension Fund Committee at the time through an appropriate report.

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

## Core service and governance activities

### Review Business Continuity Plan

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

Budget required: All internal costs will be met by the existing budget.

| Key Milestones                                                          | Dates           |
|-------------------------------------------------------------------------|-----------------|
| Test resilience with the new administering authority's BCP              | By October 2021 |
| Scrutiny of business continuity arrangements by the Local Pension Board | November 2021   |
| Update the Pension Committee on business continuity arrangements.       | December 2021   |

### Develop the Fund's cyber-resilience strategy

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

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

Budget required: All internal costs will be met by the existing budget. The external consultancy costs of this activity will be notified to the Pension Fund Committee via the Business Plan Update reports once known. All consultancy costs will be met by an addition to the existing administration budget.

| Key Milestones                                                                                                                                                                                                          | Dates              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Develop a cyber-resilience strategy and action plan.                                                                                                                                                                    | April to June 2021 |
| Undertake mapping of data and asset flows.                                                                                                                                                                              | April to June 2021 |
| Submit survey to all suppliers detailed within the mapping of assets and data to ascertain their approach to cyber-resilience. Aon's specialist cyber-resilience team to analyse survey responses and provide feedback. | April to June 2021 |
| Pension Fund Board to provide scrutiny of cyber-resilience strategy and action plan.                                                                                                                                    | July 2021          |
| Pension Fund Committee to approve cyber-resilience strategy and action plan.                                                                                                                                            | October 2021       |

## Obtain the Pensions Administration Standards Association (PASA) accreditation

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

Budget required: Anticipated accreditation costs of £6k will be met by an addition to the budget in 2022/23.

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

## Scheme member data projects

### Complete the Guaranteed Minimum Pension Rectification

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

Budget required: An estimated cost of £20K has been included in budget for the remaining data work to be carried out by ITM Limited to enable efficient rectification of member records.

| Key Milestones                                                              | Dates                 |
|-----------------------------------------------------------------------------|-----------------------|
| Produce project plan to rectify the member records that require amendments. | April 2021            |
| Implement project plan.                                                     | June to December 2021 |

### Prepare for the application of the McCloud age discrimination remedy

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

Budget required: All internal costs will be met by the existing administration budget. Costs associated with the implementation stage of this activity will be included in the budget for 2022/23 when the resource and financial implications will be clearer.

| Key Milestones                                                                       | Dates                                                                                                                                        |
|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| Issue data collection template to identified employers.                              | June 2021                                                                                                                                    |
| Work with employers to collect the data required.                                    | June 2021 to October 2021                                                                                                                    |
| Make necessary amendments to member records for previously missing data.             | June 2021 to March 2022                                                                                                                      |
| Send communications to members (upon release of amended LGPS Regulations).           | Expected to be April 2022 (pending guidance from MHCLG).                                                                                     |
| Application of the revised underpin (following release of amended LGPS Regulations). | Expected to commence in 2022/23 (MHCLG to provide guidance on this matter, including time period within which this work will be undertaken). |

## Prepare for the 2022 Valuation of the Pension Fund

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

Milestones will be expanded once valuation planning is complete.

Budget required: All internal costs will be met by the existing administration budget. Associated actuarial fees for the core valuation activities have been estimated in the budget. Any additional expenditure required will be notified to the Pension Fund Committee for approval at the appropriate time.

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

## Processing of undecided leaver records

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

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

Budget required: All internal costs will be met by the existing budget.

| Key Milestones                               | Dates                |
|----------------------------------------------|----------------------|
| Baseline volumes and develop action plan     | April to June 2021   |
| Process cases in accordance with action plan | Throughout 2021/2022 |
| Process cases in accordance with action plan | 2022/2023            |

## Scope and conduct potential liability reduction exercises

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

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

Budget required: All internal costs will be met by the existing budget.

| Key Milestones                                                                           | Dates                    |
|------------------------------------------------------------------------------------------|--------------------------|
| Conduct exercise (to review and offer refund options to members).                        | April 2021 to March 2022 |
| Scope exercise, formulate project plan and conduct exercise (small commutable pensions). | April 2022 to March 2023 |

## Scheme employer projects

### Implement multiple investment strategies

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

This activity builds on the investigatory and scoping work carried out in 2020/21 and will now focus on working with employers to agree an appropriate strategy for each employer and implementing the agreed allocation ahead of the 2022 valuation of the Pension Fund.

Budget required: All internal costs will be met by the existing administration budget. Any Actuarial fees will be derived from the action plan and will be subject to approval by the Pension Fund Committee.

| Key Milestones                                       | Dates                         |
|------------------------------------------------------|-------------------------------|
| Consider impact modelling by Fund Actuary.           | April 2021 to May 2021        |
| Pension Fund Committee to decide whether to proceed. | July 2021                     |
| Devise and implement action plan.                    | August 2021 to September 2022 |

### Conduct specific employer covenant monitoring

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

Budget required: An additional cost has been added to the 2021/22 budget of approximately £15,000 to £20,000 is expected to be incurred for professional fees. Other internal costs such as liaison with scheme employers will be met by the existing budget.

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

## Investment related activities

### Continue development of the asset pool

The ACCESS asset pool development is a long-term project. 2021/22 will see the Fund's final liquid assets transfer into the pool as the remaining tranches of sub-funds are established in the asset pool. In parallel, ACCESS is developing a pool level solution for investing in illiquid assets.

The Fund has additional sub-fund requirements not yet part of the ACCESS launch plan. Engagement with ACCESS partners is required to promote these requirements, including around Responsible Investment, in order to achieve timely inclusion.

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

Budget required: All internal costs will be met by existing resources and are included within the 2021/22 budget. A budget of £114k has been included in the 2021/22 Fund budget to cover ACCESS asset pooling costs rechargeable to the Fund, managed by the ACCESS Administration Support Unit. Investment management and Operator/Depository fees are included in the sub-fund costs charged to the relevant ACCESS sub-fund.

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

### Review the Fund's Responsible Investment Policy

This continues the work undertaken in 2020/21 to revise the Fund's Responsible Investment (RI) Policy for incorporation in the Investment Strategy Statement (ISS). The revised ISS will be issued for consultation during Q1 2021/22 and feedback considered by the Pension Fund Committee before final approval.

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

Budget required: All internal costs will be met by existing resources and are included within the 2021/22 budget. Any further financial implications will be included in Pension Fund Committee reports as required.

| Key Milestones                                                                                   | Dates              |
|--------------------------------------------------------------------------------------------------|--------------------|
| Commence 30 day consultation with Fund stakeholders on the revised Investment Strategy Statement | April to June 2021 |
| Pension Fund Committee approval of revised ISS                                                   | October 2022       |

### Review the Property Strategy

The Fund's Property investments comprise a multi manager mandate managed by CBRE and residential investments in the Private Rented Sector and Shared Ownership property funds managed by M&G, which mainly comprise UK based assets. A periodic review of these mandates

will be undertaken, considering the underlying investment funds and their performance with a focus on the appropriateness of the allocations both geographically and by sector and the relevance of the performance benchmarks and targets. This review will include consideration of possible enhancements to the property strategy, especially considering the expected benefits falling out of the pooling agenda.

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

Budget required: All internal costs will be met by existing resources and are included within the 2021/22 budget. External costs for consultancy and legal fees of £50k are included in the 2021/22 budget. Any further financial implications will be included in Investment Sub Committee reports as required.

| Key Milestones                                                          | Dates         |
|-------------------------------------------------------------------------|---------------|
| Commence the review                                                     | October 2021  |
| Complete the review and submit report to the Investment Sub Committee   | February 2022 |
| If a change to Strategic Allocation, approval by Pension Fund Committee | March 2022    |
| Communicate the Fund's requirements to the ACCESS pool                  | April 2022    |

#### Review of Performance Reporting and Benchmarks

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

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

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

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

Budget required: All internal costs will be met by existing resources and are included within the 2021/22 budget. External costs for consultancy fees of £20k are included in the 2021/22 budget. Any further financial implications will be included in Investment Sub Committee reports as required.

| Key Milestones                         | Dates         |
|----------------------------------------|---------------|
| Commence the review                    | April 2021    |
| Report to the Investment Sub-Committee | December 2021 |
| Implement revised reporting            | March 2022    |



# CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

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

Report by: Head of Pensions

|                       |                                                                                                                                                   |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Subject:              | Review of the effectiveness of the Pension Fund Board                                                                                             |
| Purpose of the Report | To provide feedback on the results from the effectiveness review survey.                                                                          |
| Recommendations       | That the Board notes the feedback and approves the plan of action to improve the effectiveness of the Pension Fund Board in the areas identified. |
| Enquiries to:         | Name: Michelle Oakensen, Governance Officer<br>E-mail: <a href="mailto:moakensen@northamptonshire.gov.uk">moakensen@northamptonshire.gov.uk</a>   |

## 1. Background

- 1.1 The need to regularly review the effectiveness of the Pension Fund Board is considered good governance and is undertaken as an annual exercise. In January 2021 members were invited to complete a survey on how adequate they felt the current arrangements of the Board are and how efficiently it is operating.
- 1.2 The previous survey was undertaken in January 2019 and the 2020 survey was delayed due to the pandemic. The survey covers the pandemic period to date for us to ascertain whether the Board feels standards have been maintained during this time.
- 1.3 The survey consisted of 23 questions and members were encouraged to add extra clarity to answers provided. There was also an opportunity at the end of the survey to provide any additional supporting comments.
- 1.4 The surveys were to be completed by 12<sup>th</sup> February 2021.

## 2. Response to the review

- 2.1 The survey to ascertain the view of the Pension Fund Board was sent to 5 members and 3 completed questionnaires were returned. This represents a return rate of 60% which was not as high as desired, but was still an acceptable sample size. Completion of the survey is a mandatory feature of the Fund's Training Strategy.

## 3. Results of the effectiveness survey

- 3.1 Participants were required to rate the statements from strongly disagree to strongly agree and additional comments boxes were included on every question to encourage further narrative where needed.
- 3.2 A full analysis of the results of the survey can be found in appendix 1 of the report.

4. Conclusions drawn from the effectiveness survey

4.1 The effectiveness of the Pension Fund Board was positive as a whole with the majority of participants agreeing with the statements provided.

4.2 The following areas have been highlighted as to where improvements could be made and corresponding actions/comments for each. Areas for improvement are those areas where a 'disagree or strongly disagree' response was provided.

| Statement                                                                                                                                                                          | Concern                                                                                                                                                                          | Comments/Action                                                                                                                                                                                                                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| There are a sufficient number of meetings held in the financial year.                                                                                                              | No comment provided.                                                                                                                                                             | Meetings are scheduled 4 times a year in line with Pensions Regulator guidance and as stated in the Constitution. This is a minimum requirement and Board members and Officers can agree to hold additional meetings should the need arise.  |
| I am satisfied that undertaking meetings virtually as a result of the pandemic has enabled the equivalent amount of effective discussion when compared with face to face meetings. | Once safe to do so I would support face to face meetings, but also believe that remote/virtual meetings could continue – they are effective, and save time/travel/CO2 and money. | The future format of meetings needs to be addressed with the Board once legislation has been amended. In the meantime it would be useful to understand from members of the Board how meetings can be improved to address the concern raised. |
| Members are provided with sufficient information in order to make effective and timely decisions.                                                                                  | No comment provided.                                                                                                                                                             | If Board members feel that sufficient information is not provided on a particular subject matter they are encouraged and have a responsibility to request further information as appropriate at that time.                                   |

| Statement                                                                                                                                                                                                                                                           | Concern                                                                                                                                                                                                                          | Comments/Action                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| I consider that the Pension Board effectively delivers on its remit to assist the administering authority in securing compliance with the principal 2013 regulations along with any other requirements imposed by the Pensions Regulator in relation to the scheme. | I feel the Board has ended up just rubber stamping officers report, I blame myself for not being able to be more proactive in challenging reports and procedures, largely because of my lack of experience in the pension field. | Board member review policies in either a pre or post scrutiny capacity, monitor the risks facing the Fund closely and review all papers and minutes of the Committee. Training is a core component of being a Board member which is offered on a regular basis, a new training schedule will start from June 2021 with internal training events being compulsory. Board members have a duty to scheme members and employers to undertake their role as members of the Board and should challenge the information presented to them by Officers or consultants if they have questions or concerns. |
| I have good understanding of the Fund's Communication Policy with regards to scheme employer and scheme member engagement.                                                                                                                                          | No comment provided.                                                                                                                                                                                                             | The Communications Policy was presented to the in Board January 2020. Training on scheme member and employer engagement will be included in the training plan for 2021/22.                                                                                                                                                                                                                                                                                                                                                                                                                        |
| I have an understanding of how the Fund monitors and manages the performance of their outsourced providers.                                                                                                                                                         | No comment provided.                                                                                                                                                                                                             | A presentation was delivered to the Board in February 2019 and will be delivered as part of training during 2021/22.                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| I have a good understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice.                                                                                                        | No comment provided.                                                                                                                                                                                                             | Training was delivered as part of the previous cycle and is provided at external events. Training will be delivered again as part of the 2021/22 plan.                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| I understand the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long term risks.                                                                                                                 | No comment provided.                                                                                                                                                                                                             | Training was delivered as part of the previous cycle and is provided at external events. Training will be delivered again as part of the 2021/22 plan.                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| I have an understanding of the risk and return characteristics of the main asset classes (equities, bonds, property etc.).                                                                                                                                          | No comment provided.                                                                                                                                                                                                             | Training will be delivered as part of the 2021/22 plan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

| Statement                                                                            | Concern              | Comments/Action                                                                                                                                      |
|--------------------------------------------------------------------------------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| I have an understanding of the contents of the Fund's Investment Strategy Statement. | No comment provided. | The Investment Strategy Statement has been a focus at the Information Days and is due to be brought to the Board following the current consultation. |

## 5. Relevant Pension Fund Objectives

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

## 6. Risk Management

- 6.1 The Pension Fund Board are expected to have an awareness of how the Fund is operated and maintain appropriate skills and knowledge.
- 6.2 The risks associated with Pension Fund Board members not having the required level of awareness and knowledge have been captured in the Fund's risk register as detailed below.

| Risk No | Risk                                                                                                               | Residual risk rating |
|---------|--------------------------------------------------------------------------------------------------------------------|----------------------|
| 8       | Those charged with governance are unable to fulfil their responsibilities effectively.                             | Green                |
| 14      | Failure to administer the scheme in line with regulations and guidance.                                            | Green                |
| 17      | Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making. | Green                |

- 6.3 The Fund risk register can be found at the following link [here](#).

## 7. Communication Implications

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

8 Finance & Resources Implications

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

9. Legal Implications

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

10. Consultation with Key Advisers

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

11. Alternative Options Considered

11.1 Not applicable.

12. Background Papers

12.1 None

13. Appendices

13.1 Appendix 1 – Full analysis of the results of the survey

| <b>Checklist of Key Approvals</b>                 |                                           |
|---------------------------------------------------|-------------------------------------------|
| Has this report been cleared by Head of Pensions? | Mark Whitby – 24 <sup>th</sup> March 2021 |

Appendix 1 - Full analysis of the results of the survey

| Question                                                                                                                                                                           | Responses          |           |                                |              |                       | Comments                                                                                                                                                                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------|--------------------------------|--------------|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                    | Strongly Agree (%) | Agree (%) | Neither Agree nor Disagree (%) | Disagree (%) | Strongly Disagree (%) |                                                                                                                                                                                  |
| There are a sufficient number of meetings held in the financial year.                                                                                                              | 33.33              | 33.33     |                                | 33.33        |                       |                                                                                                                                                                                  |
| I am satisfied that undertaking meetings virtually as a result of the pandemic has enabled the equivalent amount of effective discussion when compared with face to face meetings. | 33.33              | 33.33     |                                |              | 33.3                  | Once safe to do so I would support face to face meetings, but also believe that remote/virtual meetings could continue – they are effective, and save time/travel/CO2 and money. |
| The quality of reports meets the expected standard.                                                                                                                                | 33.33              | 66.67     |                                |              |                       |                                                                                                                                                                                  |
| Members are provided with sufficient information in order to make effective and timely decisions.                                                                                  | 33.33              | 33.33     |                                | 33.33        |                       |                                                                                                                                                                                  |
| I am satisfied that risks identified on the covering reports adequately identify the risks involved in taking a particular decision and are reflected in the risk register.        |                    | 66.67     | 33.33                          |              |                       |                                                                                                                                                                                  |
| I have clarity on the roles and responsibilities of both the Pension Fund Committee and the Pension Fund Board and the decision making process.                                    | 33.3               |           | 66.67                          |              |                       |                                                                                                                                                                                  |

| Question                                                                                                                                                                                                                                                            | Responses          |           |                                |              |                       | Comments                                                                                                                                                                                                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------|--------------------------------|--------------|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                     | Strongly Agree (%) | Agree (%) | Neither Agree nor Disagree (%) | Disagree (%) | Strongly Disagree (%) |                                                                                                                                                                                                                                 |
| I consider that the Pension Board effectively delivers on its remit to assist the administering authority in securing compliance with the principal 2013 regulations along with any other requirements imposed by the Pensions Regulator in relation to the scheme. | 33.33              | 33.33     |                                | 33.33        |                       | I feel the board has ended up just rubber stamping officers report, I blame myself for not being able to be more proactive in challenging reports and procedures, largely because of my lack of experience in the pension field |
| I consider that the Pension Board effectively delivers on its remit to assist the administering authority in ensuring the effective and efficient governance and administration of the scheme.                                                                      | 33.33              | 33.33     | 33.33                          |              |                       |                                                                                                                                                                                                                                 |
| I have a good understanding of the role of both internal and external audit in the governance and assurance process                                                                                                                                                 |                    | 33.33     | 66.67                          |              |                       |                                                                                                                                                                                                                                 |
| I am aware that I need to disclose any potential and actual conflicts of interest that may arise.                                                                                                                                                                   | 66.67              | 33.33     |                                |              |                       |                                                                                                                                                                                                                                 |
| I receive adequate reporting to provide assurance over the quality of the Fund's administration to scheme members and scheme employers.                                                                                                                             | 33.33              | 66.67     |                                |              |                       |                                                                                                                                                                                                                                 |
| I receive adequate reporting to provide assurance that there is appropriate budgetary control of the Fund in place                                                                                                                                                  | 33.33              | 66.67     |                                |              |                       |                                                                                                                                                                                                                                 |

| Question                                                                                                                                                     | Responses          |           |                                |              |                       | Comments |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------|--------------------------------|--------------|-----------------------|----------|
|                                                                                                                                                              | Strongly Agree (%) | Agree (%) | Neither Agree nor Disagree (%) | Disagree (%) | Strongly Disagree (%) |          |
| Members are provided with good quality policies and strategies for review/ approval.                                                                         | 33.33              | 33.33     | 33.33                          |              |                       |          |
| I have good understanding of the Fund's Communication Policy with regards to scheme employer and scheme member engagement.                                   |                    | 33.33     | 33.33                          | 33.33        |                       |          |
| I have a broad understanding of the implications of new employers joining the Fund and of the cessation of existing employers.                               | 33.33              |           | 66.67                          |              |                       |          |
| I would know what process to follow if I suspected a breach of the law and there is a sufficient policy in place to support this.                            |                    | 66.67     | 33.33                          |              |                       |          |
| I have an understanding of how the Fund monitors and manages the performance of their outsourced providers.                                                  |                    | 33.33     | 33.33                          | 33.33        |                       |          |
| I have a good understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice. |                    |           | 66.67                          | 33.33        |                       |          |
| I understand the role of the Fund's investment advisors.                                                                                                     | 33.33              |           | 66.67                          |              |                       |          |

| Question                                                                                                                                            | Responses          |           |                                |              |                       | Comments |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------|--------------------------------|--------------|-----------------------|----------|
|                                                                                                                                                     | Strongly Agree (%) | Agree (%) | Neither Agree nor Disagree (%) | Disagree (%) | Strongly Disagree (%) |          |
| I understand the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long term risks. |                    | 66.67     |                                | 33.33        |                       |          |
| I have an understanding of the risk and return characteristics of the main asset classes (equities, bonds, property etc.).                          |                    | 33.33     | 33.33                          | 33.33        |                       |          |
| I have an understanding of the contents of the Fund's Investment Strategy Statement.                                                                | 33.33              |           | 33.33                          | 33.33        |                       |          |
| I understand my fiduciary responsibility to scheme members                                                                                          |                    | 100       |                                |              |                       |          |



# Cambridgeshire Pension Fund

Pension Fund Board

23 April 2021

Report by: Head of Pensions

|                       |                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Subject:              | Governance and Compliance Report                                                                                                                                                                                                                                                                                                                                                                    |
| Purpose of the Report | To provide the Pension Fund Committee with information on:<br>1) The Public Sector Exit Cap (section 2)<br>2) Scheme Advisory Board - Good Governance Review (section 3)<br>3) The Pensions Regulator – new code of practice (section 4)<br>4) Relevant Government Consultations (section 5)<br>5) New legislation (section 6)<br>4) Skills and knowledge opportunities (section 7) and appendix 1. |
| Recommendations       | That the Pension Fund Board notes the content of the report.                                                                                                                                                                                                                                                                                                                                        |
| Enquiries to:         | Jo Walton – Governance and Regulations Manager, E-mail: <a href="mailto:joanne.walton@westnorthants.gov.uk">joanne.walton@westnorthants.gov.uk</a>                                                                                                                                                                                                                                                  |

## 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. Public Sector Exit Cap Update

2.1 The Ministry of Housing, Communities and Local Government (MHCLG) launched a consultation on the reform of exit payments in local government on 7 September 2020, with a closing date for responses of 9 November 2020. The consultation document set out policy intention and proposals which specifically affect individuals who are eligible to be members of the LGPS (in England) but no associated draft regulations were included.

2.2 On 14 October 2020, during the consultation period, associated draft regulations were issued for comment - the Local Government Pension Scheme (Restriction of Exit Payments) (Early Termination of Employment) (Discretionary Compensation and Exit Payments) (England and Wales) Regulations 2020. These cover revisions to discretionary payments and amendments to the LGPS regarding payment of benefits on redundancy or leaving on grounds of business efficiency at or after age 55.

- 2.3 The consultation closed on 9 November 2020, with comments on the associated draft regulations being accepted until 18 December 2020. The administering authority's consultation response can be found [here](#); and the further response containing comments on the draft regulations can also be found [here](#).
- 2.4 During the above consultation period The Restriction of Public Sector Exit Payment Regulations 2020 were signed on 20 October 2020 and came into force from 4 November 2020. These apply to all the public service employers as detailed in the schedule to the Regulations and set a cap on aggregate exit payments of £95,000.
- 2.5 With The Restriction of Public Sector Exit Payment Regulations 2020 coming into force before the amendments proposed in the MHCLG consultation could be made, there was a conflict in the legislation that could impact those LGPS members who leave on redundancy or business efficiency grounds if they have attained age 55; the LGPS currently requires immediate payment of unreduced benefits in those circumstances, and for the scheme employer to meet the pension strain cost, but the cap may have meant they could not pay this strain cost in addition to other exit payments as they total more than £95,000.
- 2.6 Differing views had been expressed by MHCLG, in a letter from Luke Hall MP dated 28 October 2020, and the Scheme Advisory Board (SAB), in a commentary issued on 30 October 2020 following a view from QC James Goudie, as to the legal position and how administering authorities and scheme employers should have proceeded from 4 November 2020 until the proposed amendments to the LGPS Regulations were in place.
- 2.7 Officers sought legal advice on behalf of the administering authority as to how to proceed in light of the differing views of the Scheme Advisory Board and MHCLG and in the absence of the amended LGPS Regulations. The advice received from the administering authority's legal advisor, Squire Patton Boggs, was in line with that of the Scheme Advisory Board; to offer members who would exceed the £95K cap a deferred benefit or a fully actuarially reduced pension (also the MHCLG view) with a strong recommendation for the scheme employer to delay payment of the 'cash alternative' being proposed by MHCLG (this 'cash alternative' being the capped pension strain cost minus statutory and discretionary redundancy pay).
- 2.8 This approach provided maximum flexibility for both the administering authority and the scheme employer to minimise the financial risk resulting from inevitable challenge from the scheme member denied what appeared to be their right to an unreduced pension under existing LGPS Regulations.
- 2.9 All scheme employers received detailed communications as to the administering authority's approach to the payment of benefits where a member leaves employment on the grounds of redundancy or business efficiency at or after age 55 with an exit payment totalling greater than £95K, until such time as the LGPS Regulations are amended. This information can be found on the Fund's website [here](#).
- 2.10 The legal advice received and the resultant decision to not pay members an unreduced immediate pension as they are entitled to under the current (un-amended) LGPS Regulations did not remove the risk of member's being dissatisfied with their awards. As such it was to be expected that members could use the scheme's Internal Dispute Resolution Procedure to challenge decisions taken.

- 2.11 However, three requests for Judicial Review of the Restriction of Public Sector Exit Payment Regulations 2020 were given permission to proceed to contest the Regulations on a number of grounds including their effect on the LGPS Regulations. It was understood that whilst members can still take their claims against the employer or administering authority through the two stage IDR process that the Pensions Ombudsman will not provide a ruling on such claims until the Judicial Reviews were complete, and those cases were not due to be heard before 24 March 2021.
- 2.12 MHCLG indicated that the amendments to the LGPS Regulations would not be made until after the outcome of the Judicial Reviews.
- 2.13 On 12 February 2021, HM Treasury released a Direction dis-applying parts of the Restriction of Public Sector Exit Payments Regulations 2020 in England, specifically regulation 3 resulting in the exit cap no longer applying with effect from 12 February 2021. The reason for this decision has been cited as that the application of the cap had resulted in “unintended consequences”.
- 2.14 For exits from 12 February 2021, LGPS administering authorities must pay qualifying scheme members an unreduced pension. Scheme employers will be required to pay full strain costs in relation to those unreduced benefits.
- 2.15 HM Treasury has issued guidance on the Directions setting out HM Treasury’s expectation that employers should pay the additional sums that would be paid had the cap not applied for employees who left between 4 November 2020 and 12 February 2021.
- 2.16 The guidance also confirms that the government will revoke the exit cap regulations in due course, but they will legislate again to tackle unjustified exit payments. It is understood that the revocation of the exit cap regulations will not be retrospective.
- 2.17 On 4 March 2021 MHCLG wrote to all chief executives of LGPS administering authorities to confirm that:
- On the 25 February 2021 the Restriction of Public Sector Exit Payments Regulations 2020 were formally revoked;
  - The letter from Luke Hall MP of 28 October 2020 (referred to in 2.6) has been withdrawn; and
  - The MHCLG policy consultation launched in September (referred to in 2.1) is now considered closed.
- 2.18 No retirements were processed under the now revoked Exit Payment Regulations and so there has been no need to pay amended benefits to any scheme members. Officers have communicated to all scheme employers that the legislation and has been revoked, reverted redundancy retirement processes back to how they were prior to the 4 November 2020 and amended information on the website accordingly.

3. Scheme Advisory Board – Good Governance Review
- 3.1 On 15 February 2021, the Scheme Advisory Board published the phase 3 report of the Good Governance Review that was produced by the Hymans Robertson project team. The phase 3 report provides further details on some of the recommendations that were included in the phase 2 report which should be read in conjunction with each other.
- 3.2 The phase 3 report provide further detail on the following recommendations, among others:
- 3.2.1 The LGPS senior officer – a single named officer who is responsible for the delivery of LGPS activity for a Fund. The report covers the core functions of the role, the personal competencies needed to fulfil the role and how the role could be incorporated into different organisational structures.
- 3.2.2 Conflicts of interest – all administering authorities should publish a conflicts of interest policy that is specific to the LGPS. That policy should cover how it identifies, monitors and manages any conflicts. The report includes more detail on what LGPS-specific areas should be covered by the policy.
- 3.2.3 Representation – each administering authority must publish a policy on how scheme members and non-administering authority employers are represented on its committees and the reasoning behind those decisions.
- 3.2.4 Skills and training – introduce a requirement for key individuals, such as pension committee members and section 151 officers, to have the appropriate level of knowledge and understanding to carry out their duties efficiently. The administering authority must publish an administration strategy that sets out its policy on delivery, assessment and recording of training plans.
- 3.2.5 Service delivery – regulation change to make it compulsory for an administering authority to publish an administration strategy.
- 3.2.6 Key performance indicators – that focus on ensuring that each administering authority has defined service standards and has the governance in place to monitor those standards.
- 3.2.7 Business planning process – the senior officer and the committee must be satisfied with the resource and budget allocated to administer the LGPS each year. Require expenditure should be based on the business plan for the coming year with an inflationary increase.
- 3.3 At the Scheme Advisory Board meeting on 8 February 2021 the Board agreed that the Chair should submit the Board’s good governance action plan to the Local Government minister for consideration. The action plan sets out:
- Changes that MHCLG could take forward by amending regulations or producing statutory guidance
  - Work associated with the changes made by MHCLG that could be done by SAB or other bodies
  - Actions that SAB can take to improve governance and administration immediately, regardless of which changes are progressed by MHCLG.
- 3.4 Full information on the good governance project can be found [here](#).

4. The Pensions Regulator – new code of practice
  - 3.1 On 17 March 2021 the Pensions Regulator (TPR) launched a consultation on its new Code of Practice which closes on 26 May 2021.
    - 3.1.1 The draft new code consolidates (with updates and amendments) most of the existing 15 codes of practice including the public service code of practice 14 into a new online code providing a single up-to-date and consistent source of information. The other codes will be consolidated into the single code at a later date, subject to further consultation.
    - 3.1.2 It is the intention of the Pensions Service to respond to the consultation only where it is relevant to the LGPS. Details of the new code of practice can be found [here](#).
    - 3.1.3 A copy of the Fund’s consultation response will be shared with the Pension Fund Board in due course.
5. Consultation – Implementing the increase to the minimum pension age
  - 5.1 On 11 February 2021, HMT published a consultation on the implementation of increasing the normal minimum pension age. In 2014, the Coalition Government consulted on increasing the normal minimum pension age from 55 to 57 from 6 April 2028 as part of the freedom and choice on pensions consultation. The current consultation re-confirms the Government’s commitment to this.
  - 5.2 The consultation seeks views on the implementation of the rise in the normal minimum pension age and protections for pension scheme members who have a right under the scheme rules to take benefits before age 57 at the date of this consultation.
  - 5.3 A copy of the Local Government Pension Committee’s response will be shared with the Pension Fund Board when it becomes available.
6. Legislation – The Pension Schemes Act 2021
  - 6.1 On 11 February 2021 the Pension Schemes Act 2021 received Royal Assent. The provisions within the Act will come into force when the Secretary of State makes regulations for them to do so.
    - 6.1.2 The provisions of the Act that will affect the LGPS include climate risk reporting, pensions dashboards and transfers out.
    - 6.1.3 Climate risk reporting - on 27 January 2021, the Government launched a consultation on draft regulations entitled ‘Taking action on climate risk: improving governance and reporting by occupational pension schemes’. The regulations would require trustees of pension schemes in scope to meet the climate change governance requirements that underpin the 11 recommendations of the Taskforce on Climate-related Financial Disclosures and to report on how they have done so. The regulations will not apply to the LGPS, however, it is expected that MHCLG will bring forward regulations which substantially mirror the requirements set out in the consultation document.
    - 6.1.4 Pensions Dashboards – administering authorities are encouraged to use the Pensions Dashboard Programme’s Data Standards Guide to identify any data gaps to ensure that they are ready to supply the right information to the dashboards once they are live.

- 6.1.5 Transfers Out – secondary legislation is awaited to provide the extra conditions members must satisfy before they are able to transfer out their LGPS benefits.
7. Skills and knowledge opportunities – training events
- 7.1 Section 248A of The Pensions Act 2004 as incorporated within The Pensions Regulator’s Code of Practice (Governance and administration of public service pension schemes) requires all members of the Pension Fund Board to maintain the necessary skills and knowledge to undertake their role effectively.
- 7.2 In order to facilitate the acquisition of skills and knowledge for members of the Pension Fund Board appendix 1 lists the main events that are deemed useful and appropriate.
- 7.3 Requests to attend external events will be facilitated by the Governance Team. It may be necessary to restrict numbers of attendees on some courses through reasons of cost.
- 7.4 It should be noted that the schedule of events in appendix 1 details only the events that are known to be taking place during the pandemic and are virtual/online events only. As soon confirmation is received that face-to-face events are able to be held an amended schedule of events will be issued.
- 7.5 It has been recognised that the forthcoming local elections may result in a significant change to the membership of both the Pension Fund Committee and the Pension Fund Board. As a result, officers are in the progress of scheduling training sessions for new members and these will also be open to existing members to refresh their knowledge. There will be an introductory training session in on 4 June 2021 covering, at a high level, the knowledge requirements of being a Pension Fund Committee and Pension Fund Board member followed by a series of more in-depth training sessions to cover the eight CIPFA Skills and Knowledge core modules as follows.
- Pensions legislations and guidance
  - Pensions governance
  - Funding strategy and actuarial methods
  - Pensions administration and communications
  - Pensions financial strategy, management, accounting, reporting and audit standards
  - Investment strategy, asset allocation, pooling, and performance and risk management
  - Financial markets and product knowledge
  - Pensions services procurement, contract management and relationship management
- 7.6 The first module will be held on 10 June 2021 and will cover the module of governance.
8. Relevant Pension Fund Objectives

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

## 9. Risk Management

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

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

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

| <b>Risk No</b> | <b>Risk</b>                                                                                                   | <b>Residual risk rating</b> |
|----------------|---------------------------------------------------------------------------------------------------------------|-----------------------------|
| 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 Fund Board to enable informed decision making.         | Green                       |

9.3 The Fund's risk register can be found on the Fund's website, [here](#).

10. Finance & Resources Implications

10.1 There are no financial or resource implications connected to the contents of this report is for information only.

11. Communication Implications

|           |                                                                                                                                                                  |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Training  | All staff involved in the administration of the LGPS are aware of the new legislation and the impact on the calculation and payment of benefits from the scheme. |
| Employers | All relevant items are communicated to scheme employers via website updates.                                                                                     |

12. Legal Implications

12.1 Legal advice was sought from the administering authority's legal advisor on the application of the Exit Payment Cap as detailed in paragraph 2.10.

13. Consultation with Key Advisers

13.1 Legal advice was sought from the administering authority's legal advisor on the application of the Exit Payment Cap as detailed in paragraph 2.10.

14. Alternative Options Considered

14.1 There are no alternative options to be considered.

15. Background Papers

15.1 Not applicable.

16. Appendices

16.1 Appendix 1 – Schedule of virtual training events.

| <b>Checklist of Key Approvals</b>                 |                                           |
|---------------------------------------------------|-------------------------------------------|
| Has this report been cleared by Head of Pensions? | Mark Whitby – 12 <sup>th</sup> April 2021 |

### Training events

| Date                                                                                                | Event Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Audience                                                                                      | Knowledge Credits                                                               |
|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| 18 – 19 May 2021                                                                                    | <p style="text-align: center;">Virtual – Pensions and Lifetime Savings Association (PLSA) Local Authority Conference</p> <p style="text-align: center;">Dedicated to the LGPS. Key note speakers, specialist sessions and online exhibition.</p> <p style="text-align: center;">Further information will be updated <a href="#">here</a></p>                                                                                                                                                                                                            | <p style="text-align: center;">Pension Committee and Local Pension Board Members Officers</p> | <p style="text-align: center;">0.5 credits per session up to a maximum of 4</p> |
| 28 – 29 April 2021 (afternoons)                                                                     | <p style="text-align: center;">Virtual - Scheme Advisory Board / DG Publishing – The Local Authority Responsible Investment Seminar</p> <p style="text-align: center;">The impact of the new regulations for LGPS Investment Committees and is designed to help the Scheme Advisory Board formulate the sector’s response to an increased awareness of Investment Committees’ responsibilities to their pension funds and to society in general.</p> <p style="text-align: center;"><a href="#">Click here for the responsible-investment-forum</a></p> | <p style="text-align: center;">Pension Committee and Local Pension Board Members Officers</p> | <p style="text-align: center;">0.5 credits per session up to a maximum of 4</p> |
| 4 June 2021                                                                                         | <p style="text-align: center;">Virtual – Mandatory Induction session for new members of the Cambridgeshire and Northamptonshire Pension Committee and Local Pension Board.</p> <p style="text-align: center;">Existing members are welcome to join too.</p> <p style="text-align: center;">Hosted internally by The Pensions Service with content delivered by Aon.</p>                                                                                                                                                                                 | <p style="text-align: center;">Pension Committee and Local Pension Board Members Officers</p> | <p style="text-align: center;">2</p>                                            |
| 10 June 2021<br>1pm – 2.30pm (to be followed by the Cambridgeshire Pension Fund Committee meeting). | <p style="text-align: center;">Virtual – Mandatory CIPFA Skills and Knowledge Module – Pensions Governance</p> <p style="text-align: center;">Hosted internally by The Pensions Service with content delivered by Aon.</p>                                                                                                                                                                                                                                                                                                                              | <p style="text-align: center;">Pension Committee and Local Pension Board Members Officers</p> | <p style="text-align: center;">2</p>                                            |

**County District and City Council Elected Members are kindly requested to not book places on external events until their membership of the Pension Committee or Pension Fund Board is confirmed following the May 2021 elections.**



# Cambridgeshire Pension Fund Board Agenda Plan

| Meeting date | Agenda item                                      | Lead officer | DS Deadline for draft reports | Agenda despatch date |
|--------------|--------------------------------------------------|--------------|-------------------------------|----------------------|
| 02/07/21     | Minutes 23/04/2021 and Action Log                | R Leighton   | 17/06/21                      | 24/06/21             |
|              | Administration Report [standing item]            | J Walton     |                               |                      |
|              | Risk Monitoring [standing item]                  | M Oakensen   |                               |                      |
|              | Business Plan Update [standing item]             | M Whitby     |                               |                      |
|              | Governance and Compliance Report [standing item] | J Walton     |                               |                      |
| 05/11/21     | Minutes 02/07/2021 and Action Log                | R Leighton   | 21/10/21                      | 29/10/21             |
|              | Administration Report [standing item]            | J Walton     |                               |                      |
|              | Risk Monitoring [standing item]                  | M Oakensen   |                               |                      |
|              | Business Plan Update [standing item]             | M Whitby     |                               |                      |
|              | Governance and Compliance Report [standing item] | J Walton     |                               |                      |
| 28/01/22     | Minutes 05/11/2021 and Action Log                | R Leighton   | 13/01/22                      | 21/01/22             |
|              | Administration Report                            | J Walton     |                               |                      |
|              | Risk Monitoring [standing item]                  | M Oakensen   |                               |                      |
|              | Business Plan Update [standing item]             | M Whitby     |                               |                      |
|              | Governance and Compliance Report [standing item] | J Walton     |                               |                      |

