

Cambridgeshire
Pension Fund

Pension Fund Committee

6 June 2024

Report by: Head of Pensions

Subject: Governance and Compliance Report

Purpose of the Report: To provide the Pension Fund Committee with information on:

- 1) Pensions Dashboards (3.1-3.5)
- 2) McCloud (3.6-3.8)
- 3) Scheme Advisory Board (3.9-3.15)
- 4) The Pensions Regulator (3.16-3.24)
- 5) Skills and knowledge opportunities (3.25-3.28)

Recommendations: The Pension Fund Committee is asked to:

1. Note the Governance and Compliance Report.
2. Note the immaterial amendments and updates to policies and strategies (sections 3.29-3.31).

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1. Background.

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

2. Executive Summary.

2.1 This report provides the Pension Fund Committee with information on the following significant current issues which have an impact on the governance, management and administration of the Cambridgeshire Pension Fund.

- Pensions Dashboards
- McCloud
- Scheme Advisory Board
- The Pensions Regulator
- Skills and knowledge opportunities

2.2 The report also provides details of any proposed immaterial amendments to be made to policies or strategies as a result of Officer reviews.

3. Current updates

Pensions Dashboards

Pension Dashboard Programme

- 3.1 The Department for Work and Pensions (DWP) has issued a written ministerial statement providing an update on the publication of connection guidance which includes the new staging timeline for connecting to pensions dashboards. The ministerial statement can be found [here](#) and the connection guidance [here](#).
- 3.2 The statement explains that following the amended Pensions Dashboards Regulations 2023 and new connection deadline of 31 October 2026, the supporting guidance will detail when pension providers and schemes are expected to connect to dashboards, which will start from April 2025. The Pension Dashboards Regulations 2023 can be found [here](#).
- 3.3 The timetable prioritises connection of the largest pension schemes and providers, so that crucial user testing can quickly take place at scale, with the first cohort expected to have completed connection by the end of April 2025. Whilst the timetable is not mandatory, it is a legal requirement that trustees, or managers of occupational pension schemes and providers of personal and stakeholder pensions have regard to this guidance.
- 3.4 The secretary of State for Work and Pensions published the guidance setting out a staged timetable for connection on 25 March 2024 confirming that all schemes and providers in scope are legally required to be connected to the pensions dashboards ecosystem and be ready to respond to requests for pensions information by 31 October 2026 at the latest.
- 3.5 All public service pension schemes need to connect by 31 October 2025 and the Cambridgeshire Pension Fund will be working to this confirmed date.

McCloud

McCloud implementation guidance consultation

- 3.6 Draft statutory guidance regarding the implementation of the McCloud in the LGPS has been circulated by DLUHC which sought views from of the Local Government Pensions Committee, members of the LGPS scheme advisory board, representatives of LGPS administrators, representatives of fund actuaries, and LGPS pensions administration software suppliers.
- 3.7 The aim of the document is to provide guidance on a number of areas that would benefit from additional guidance when implementing the remedy. The guidance is intended to support administering authorities by achieving a consistent application of the remedy and providing guidance on how technical issues should be approached.
- 3.8 The closing date for responses was 12 April 2024 and the Cambridgeshire Pension Fund responded through the Regional Group.

Scheme Advisory Board

Annual Report Guidance

- 3.9 A workstream was established to review the 2019 guidance and identify changes required to streamline the current guidance and bring it up to date and draft guidance was approved by both the SAB's Compliance and Reporting Committee (CRC) and the Chartered Institute of Public Finance and Accountancy Public Finance Management Board in February 2024.
- 3.10 The guidance will apply to 2023/24 annual reports which are due for publication by 1 December 2024 and later years. It is acknowledged it may be a challenge to report on all the new requirements for the 2023/24 reporting year, as changes to the recording and reporting of data may take time to implement. The guidance says pension funds should

use their best endeavours to comply fully with the requirements but exercise judgement where, because of changes to the previous content, to do so would require disproportionate effort or cost.

Funding Strategy Statement (FSS) Guidance

- 3.11 The annual report guidance is close to completion and the CRC has agreed its next priority will be to revise the FSS guidance. This was last updated in 2016 and the aim is to create content in relation to:
- setting up of academies on conversion
 - use of employer flexibilities and deferred debt arrangements
 - employer representations around asset strategies and partial terminations
 - treatment of exit debts and credits
 - consultation with employers.

Economic Activity of Public Bodies (Overseas Matters) Bill

- 3.12 Ahead of the second reading debate on the Bill in the House of Lords on 20 February 2024, the Local Government Association published a further briefing on the Economic Activity of Public Bodies (Overseas Matters) Bill. The briefing includes matters raised in previous briefings for the House of Commons and suggested some amendments that the LGA would support. The Bill can be found [here](#).

Gender Pensions Gap

- 3.13 The Gender Pensions Gap working group met for the third time on 13 February 2024. It continued to explore what practical actions can be taken to address the underlying issues contributing to the pensions gap identified by the Government Actuary's Department (GAD) in the SAB commissioned reports.
- 3.14 As part of the four actions explored by the group, the SAB secretariat and LGA Workforce team will put on a virtual event for local government human resources (HR) professionals on 9 May 2024. The aim of the event is to improve awareness amongst HR practitioners, discuss what best practice already exists amongst employers and encourage them to review the information and pension communications available for their staff at key life points.
- 3.15 There was also a post in the LGA's Workforce blog in March 2024 and the publication of a frequently asked questions document to support administering authorities and employers to ensure members are able to make informed choices about their pensions throughout their working career, during key life events.

The Pensions Regulator

General Code of Practice update

- 3.16 The Department for Work and Pensions (DWP) laid The Pensions Act 2004 (General Code of Practice) (Appointed Day, Amendment and Revocations) Order 2024 on 26 March 2024.
- 3.17 The Order appointed 28 March 2024 as the day for the coming into effect of TPR General Code of Practice. The General Code of Practice was laid before Parliament in January 2024 and replaces Code of Practice 14 for public service pension schemes and brings together ten previous codes into one.

Trustee diversity and inclusion survey

- 3.18 TPR published the results of its first trustee diversity and inclusion survey on 19 March 2024.

- 3.19 Conducted from July to August 2023, the survey garnered responses from 2,197 trustees and public service pension scheme board members.
- 3.20 The survey confirms that trustees / pension board members are less diverse than the overall population. The results establish a baseline to measure progress towards ensuring high standards of diversity and inclusion on pension boards.
- 3.21 The survey was circulated to the Cambridgeshire Pension Board on 27 July 2023.
- 3.22 The results of the survey can be found [here](#).

Speech on the growing role of TPR

- 3.23 Nausicaa Delfas, the Chief Executive of TPR, delivered a speech at the recent JP Morgan Pensions and Savings Symposium. The speech looked at the evolving landscape of the pensions industry and the growing role of TPR.
- 3.24 The full speech can be found [here](#).

Skills and knowledge opportunities

- 3.25 The Public Services Pensions Act 2013 and the Pensions Regulator’s Code of Practice (Governance and administration of public service pension schemes) require all members of the Pension Fund Committee to maintain the necessary skills and knowledge to undertake their role effectively.
- 3.26 In addition, in order to facilitate the acquisition of skills and knowledge for members of the Pension Fund Committee, appendix 2 lists the main events that are deemed useful and appropriate.
- 3.27 If members of the Pension Fund Committee would like to attend any of the events listed in appendix 2, please contact a member of the Fund’s governance team who will make the necessary arrangements if an invitation has not already been sent.
- 3.28 The Training Strategy was approved at the July meeting of the Pension Committee and members have until 20 July 2024 to complete the mandatory training modules on the Online Training Platform. A copy of the Training Strategy can be found here for reference.

Cambridgeshire Pension Fund Policy/Strategy updates.

- 3.29 In March 2023 the Pension Fund Committee agreed for all policies and strategies to be reviewed by the Committee on a three-year cycle (unless stated otherwise) with Officer reviews to be conducted on an annual basis or as deemed necessary.
- 3.30 For the period the following non material amendments are due to be applied:

Policy/Strategy	Review reason	Amendments made
Reporting breaches of the Law to the Pensions Regulator Policy	Annual review due	A comprehensive review has been undertaken, the following amendments to the Policy are recommended: 1) All references to Code of Practice no 14 have been replaced with General Code of Practice. 2) A section has been added on ‘Reporting payment failures’. 3) Additional detail and clarity has been included throughout the Policy. 4) The non-urgent material breaches section has

		<p>been updated to confirm they should be reported to the Regulator within 10 days.</p> <p>5) More comprehensive decision tree included in Appendix 1.</p> <p>6) Contact details of the Pensions Regulator have been updated.</p> <p>Due to the volume of changes, a tracked change version has been included in Appendix 2.</p>
Administering Authority Discretions	Annual review due	<p>A high-level review has been undertaken and the policy remains fit for purpose. Outdated website links have been amended.</p> <p>Further clarification is required on employer strain cost recharges and McCloud compensation (awaiting guidance), if amendments are required, they will be updated at the earliest opportunity.</p> <p>The Policy will receive a comprehensive review at the next review point which will also be in line with the EDI action plan.</p>
The payment of Employee and Employer Contributions Policy	Annual review due	<p>A high-level review has been undertaken and the policy remains fit for purpose.</p> <p>An amendment has been made to allow the Head of Pensions discretion on whether to report late/non-payments to the Pensions Regulator due to immateriality.</p> <p>The breaches log has been referenced and an update to confirm that the Committee/Board will be updated at the next available meeting.</p>

3.31 The below table provides an update of upcoming reviews:

Policy/Strategy	Review reason	Comments/amendments made
Admissions and Cessation Policy	Annual review due	This review has been delayed pending approval of the Administration Strategy. If the Administration Strategy is approved at this meeting the Policy will be reviewed and reported at the October Committee meeting.
Cessations Policy	Annual review due	This review has been delayed pending approval of the Administration Strategy. If the Administration Strategy is approved at this meeting the Policy will be reviewed and reported at the October Committee meeting.
Overpayment of Entitlement Policy	Annual review due	This review has been delayed due to need to simultaneously look into debt recovery processes. The current policy is fit for purpose and contains the expectations with regards to the recovery of overpayments, but more time is required to address scenarios where recovery is not achieved. The Policy will be reviewed and reported at the October Committee meeting.

Anti-Fraud and Corruption Policy	Annual review due	This review has been delayed to fully look into issues that have been highlighted through business-as-usual activities. These issues include verification of members who have no fixed abode, unclaimed pensions and verification of documentation. The Policy will be reviewed and reported at the October Committee meeting.
Risk Strategy	Annual review due	A high-level review has been undertaken and has highlighted that a full review needs to be undertaken with Fund's governance advisors to ensure the new risk section of the Code of Practice have been fully considered and incorporated. A full Committee review is due December 2025, but we will be bringing this forward to the end of 2024 due to the new Code of Practice and to reflect our evolved Fund approach (the Strategy was first put in place 2016).

4. Relevant Pension Fund Objectives.

Has 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.*

Manages 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.*

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

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

5. Risk Management

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

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

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

6. Communication Implications

- 6.1 Training - All staff involved in the administration of the LGPS are aware of how any new developments impact on the calculation and payment of benefits from the scheme.
- 6.2 Employers - All relevant items are communicated to scheme employers via website updates.
- 7. Finance & Resources Implications.
 - 7.1 There are no financial and resource implications associated with this report.
- 8. Legal Implications.
 - 8.1 No material issues have been identified which may give rise to legal liability and/or risk from an administering authority perspective.
 - 8.2 Implications may arise if the Fund is not compliant with the relevant legislation linked to the activities within this report.
- 9. Consultation with Key Advisers.
 - 9.1 The LGPS Online Learning Academy is a Hymans product.
 - 9.2 Squire Patton Boggs conducted a review of the paper for legal implications.
- 10. Alternative Options Considered.
 - 10.1 Not applicable.
- 11. Background Papers.
 - 11.1 None.
- 12. Appendices.
 - 12.1 Appendix 1 Skills and Knowledge training schedule.
 - 12.2 Appendix 2 Reporting breaches of the Law to the Pensions Regulator Policy

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer?

Sarah Heywood – 23/05/2024

Has this report been cleared by Head of Pensions?

Mark Whitby – 26/04/2024

Has this report been cleared by Monitoring Officer?

Emma Duncan – 21/05/2024