

Pension Fund Committee

28 March 2024

Report by: Head of Pensions

Subject: Cambridgeshire Pension Fund - Business Plan and Medium-Term Strategy 2024/25

Purpose of the Report: To present to the Pension Committee the Cambridgeshire Pension Fund Business Plan and Medium-Term Strategy 2024/25 and to update the Committee on the end-of-year position of 2023/24 Business Plan activities.

Recommendations: The Committee is asked to:

- 1) note the status of the 2023/24 Business Plan activities and current financial position (see section 2)
- 2) approve the contents of the Business Plan and Medium-Term Strategy 2024/25 (see section 3)
- 3) agree for a membership application to be submitted to Pensions for Purpose on behalf of the Cambridgeshire Pension Fund (see section 4)

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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 proposed Business Plan and Medium-Term Strategy for the Cambridgeshire Pension Fund for the period 2023/24 to 2025/26 is in Appendix 2

2. Update on the 2023/24 Business Plan

2.1 The Business Plan activities from the 2023/24 financial year have been reviewed with a year-end position being established. The majority of activities have achieved a 'green' RAG status whereby the activity is either completed or it was pre-determined that the activity would be completed after March 2024.

2.2 There were four exceptions where the RAG status was 'amber' in the following areas:

- Complete the Guaranteed Minimum Pension Rectification
- Application of the McCloud age discrimination remedy.
- Processing of undecided leaver records
- Implement recommendations from the review of the website and digital communications.

2.3 These activities did not progress at the desired rate for 2023/24 and have been rescheduled as part of the 2024/25 Business Plan for resolution.

2.4 The procurements within the 2023/24 Business Plan were all concluded, and the outcomes were as follows:

Procurement	Award	Start date
Benefits and Consultancy Services	Hymans Robertson LLP (currently Aon)	1 April 2024
Actuarial Consultancy Services	Hymans Robertson LLP (incumbent)	1 April 2024
Legal Services	Squire Patton Boggs (incumbent)	5 February 2024
Administration and Pensioner Payroll	Heywood Pension Technologies (incumbent)	1 October 2024

2.5 Details of the year-end position of all the activities and actions that are being carried over can be located in Appendix 1 and the Cyber Resilience Action Plan can be located in Appendix 3.

2.6 The financial forecast for end-of-year position for 2023-24 is included within the 2024/25 Business Plan in Appendix 2.

3. Business plan and Medium-Term Strategy 2024/25

3.1 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
- Investment related activities
- Communications

3.2 Progress made against the Business Plan will continue to be reported to the Committee 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.

3.3 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 Committee via the Business Plan Update report.

3.4 With the increasing complexities of the Scheme and the requirements of significant projects such as McCloud and Pension Dashboards it is becoming more challenging to administer the Fund (approximately 97,147 members and over 300 contributing employers) in a compliant and timely manner and on this basis, additional posts to the current establishment have been identified to alleviate pressure in the following areas –

- Three additional Pension Officer posts (full time) to support business as usual and facilitate the completion of undecided leavers backlog in time for the introduction of the government's Pensions Dashboard initiative and the work that is required from the McCloud rectification.
- A new Training Officer post (full time) to facilitate consistent and robust training to Officers allowing for resource to stay in teams and not be diverted when training is required. This post will allow for more flexibility within the Service and enable more effective succession planning.
- A new Administration Assistant (part time) to support with general administrative tasks to allow for workloads to be effectively managed ensuring key activities are prioritise.

3.5 As only approximately half of this resource will be engaged in CPF activity, the posts will be funded accordingly to reflect this.

3.6 The Climate Action Plan for 2024/25 is located at Appendix D and it also published on the Fund's website.

4. Pensions for Purpose

4.1 Officers recommend the Fund joins the Pensions for Purpose community to support activities in connection with sustainable and impact investing. This is aligned with our investment strategy and responsible investment approach, as well as our climate action plan activities.

- 4.2 Pensions for Purpose shares best practice and promotes understanding of ESG and sustainable and impact investing. It does this by providing access to events, thought leadership, case studies, guidance and research.
- 4.3 Pensions for Purpose has a growing community of over 380 organisational members. Membership is free and the Fund's name would be formally included in the Members' Directory, hence the reason for a committee decision on this matter.
- 4.4 Further information is available at [Home | Pensions For Purpose](#).

5. Relevant Fund Objectives

To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.

To 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.

6. Finance and Resources Implications

- 6.1 Performance against the financial estimates in the Business Plan will be presented to the Pension Committee each meeting. The Business Plan sets out the cost of each activity where known or where costs become known during the course of the year, the Pension Committee will be updated accordingly.
- 6.2 The Fund's share of the cost of the additional posts is approximately £72k to £80k depending on appointment scale point.

7. Risk Management

- 7.1 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.
- 7.2 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	Residual risk rating
Those charged with governance are unable to fulfil their responsibilities effectively.	Green
Pension Fund objectives are not defined and agreed.	Green

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

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

8. Communication Implications

Direct Communications: An update on progress made against the activities in the Business Plan will be presented to the Pension Fund Committee each meeting.

Website: The Business Plan will be published on the Fund’s website.

9. Legal Implications

9.1 No material issues have been identified which may give rise to legal liability and/or risk from an administering authority perspective.

10. Consultation with Key Advisers

10.1 The Fund’s current key advisers have been consulted where necessary.

11. Alternative Options Considered

11.1 Not applicable.

12. Background Papers

12.1 Not applicable.

13. Appendices

13.1 Appendix 1 – Year-end status of Business Plan activities for 2023/24.

Appendix 2 – Cambridgeshire Pension Fund Business Plan and Medium-Term Strategy 2024/25.

Appendix 3 – Cyber activity action plan – **exempt**.

Appendix 4 - Climate Action Plan 2024/25.

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood/Michael Hudson - 08/03/2024

Has this report been cleared by Head of Pensions? Mark Whitby – 21/2/2024

Has this report been cleared by Monitoring Officer? Emma Duncan - 04/03/2024