

# CAMBRIDGESHIRE PENSION FUND

To: Pension Fund Board

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Subject: Governance and Compliance Report

Purpose of the report: To provide the Pension Fund Board with information on:

- LGPS England and Wales (3.1-3.12)
- McCloud (3.13-3.14)
- Pension Dashboards (3.15-3.21)
- Scheme Advisory Board (SAB) (3.22-3.24)
- The Pensions Regulator (TPR) (3.25-3.27)
- Wider landscape (3.28-3.31)
- Skills and knowledge opportunities (3.32-3.36)

The report also provides details of immaterial amendments made to policies or strategies as a result of Officer reviews (section 4).

Recommendations: The Pension Fund Board is asked to note the Governance and Compliance Report.

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## 1. Background

- 1.1 This report provides an update on developments and issues that impact the Local Government Pension Scheme (LGPS) that members of the Pension Committee need to be aware of to fulfil their responsibilities to the Fund's key stakeholders.

## 2. Executive summary

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

- LGPS England and Wales
- McCloud
- Pension Dashboards
- Scheme Advisory Board
- The Pensions Regulator
- Wider landscape
- Skills and knowledge opportunities

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

## 3. LGPS Landscape

### LGPS England and Wales

Ministry of Housing, Communities and Local Government (MHCLG) plans change to revision of employer contribution rate rules

- 3.1 MHCLG intends to consult on changes to the regulations that cover mid-valuation cycle changes to employer contribution rates. This was set out in an MHCLG letter to all administering authorities in England and Wales dated 10 March 2025.
- 3.2 In the letter, Michelle Warbis, Deputy Director for the LGPS at MHCLG, confirms the Government's view of when the provisions of regulation 64A of the LGPS Regulations 2013 should be exercised. Their view is that a review is appropriate in response to changes in an employer's liabilities, or its ability to meet its obligations. Amending the employer contribution rate mid-valuation cycle is not intended as a way of managing surpluses or deficits.
- 3.3 The Government will consult on tightening up the rules covering when the provisions of regulation 64A can be exercised and the fund actuary's role in that process. The consultation is expected to be launched after the local government elections on 1 May 2025.

### LGPS 'Access and fairness' consultation launched

- 3.4 On 15 May 2025, the Ministry of Housing, Communities and Local Government (MHCLG) launched a consultation on changes to the Local Government Pension Scheme (LGPS) in

England and Wales. The proposed changes are intended to improve fairness in and access to the LGPS. The proposals include:

- Survivor benefits and death grants
- Gender pensions gap benefits
- Gender pensions gap reporting
- Opt outs
- Forfeiture
- McCloud remedy
- Abolition of LTA changes

3.5 The consultation also includes questions on the potential administrator burden and the Government's duty under Public Sector Equality Duty.

3.6 The consultation closes on 7 August 2025 and can be located [here](#).

### Government's response to LGPS 'Fit for the future' consultation published

3.7 On 29 May 2025, the Government published its response to the 'Local Government Pension Scheme: Fit for the future' consultation.

3.8 The Fit for the future consultation response confirms that the core proposals included in the consultation will be taken forward, including those on investment pooling. It confirms there are no plans to reduce the number of pools below six. The Government will take powers to direct administering authorities to participate in a specific pool if necessary.

3.9 The consultation response can be found [here](#).

### Pension Schemes Bill

3.10 The Pension Schemes Bill was laid before Parliament on 5 June 2025 and the LGPS aspects are summarised below:

- Defines asset pool companies in statute, and LGPS Regulations will require LGPS administering authorities to participate in a pool, which must manage all their assets, and the Regulations will set out specific considerations which must be met by those pool companies.
- LGPS administering authorities can be required to invest in a particular pool.
- Implements the proposals focusing on local investment, by requiring that LGPS Regulations for England and Wales include a duty for LGPS administering authorities to work with strategic authorities in their local area to identify appropriate opportunities.
- Sets the requirements for LGPS administering authorities to carry out a governance review. The detail will be included in Regulations. An administering authority can be directed to carry out a governance review at any time.
- Modifies the Procurement Act 2023 as it applies to the LGPS. This is so that if an asset pool company carries out investment management activities for or on behalf of another asset pool company, or the Administering Authorities of another asset pool company, the relevant contracts will be regarded as exempt from the requirements of the Procurement Act 2023.

3.11 The Bill also covers other pensions related topics, such as:

- Defined Contribution (DC) schemes to offer clear default options for turning savings into retirement income.
- A new Value for Money framework to show how well DC pension schemes are performing and measures to combine small DC pots.
- New rules creating multi-employer DC megafunds of at least £25 billion.
- Increased flexibility for Defined Benefit (DB) schemes to safely release surplus and flexibility to enable Pension Protection Fund (PPF) levies to be reduced.

3.12 Details of the Bill can be found [here](#).

### McCloud

#### McCloud member webinars feedback

3.13 Affinity Connect has been delivering webinars on McCloud to LGPS members in England and Wales. Feedback from members who have attended a session has been very positive. Since March 39 webinars have been delivered and 768 members attended these events. A significant majority of attendees would recommend the webinar to a colleague – this scored 4.7/5.

3.14 News articles for both members and employers have been published on the pension service website to encourage participation. The webinars can be found [here](#).

### Pension Dashboards

#### Connecting to dashboards

3.15 On 18 March 2025, the Pensions Dashboards Programme (PDP) published a blog about what you need to do to connect to the dashboards ecosystem.

3.16 The LGPS connect by date is 31 October 2025. This is set out in the guidance published by the Department for Work and Pensions (DWP) in March 2024. Whilst this date is not statutory, administering authorities should seek to connect in line with the date set out in the guidance.

3.17 The route to connection and AVC approach should have been decided.

#### Volunteer participants complete connection journey

3.18 In March 2025, the PDP confirmed that three organisations have passed through the stages to connect to the pensions dashboards ecosystem. This opens the way for the first schemes to connect in April 2025. Information on the first participants connecting to the pensions dashboards ecosystem is located on the PDP website.

3.19 The organisations that have passed the final stage are Heywood, Legal and General and Pension Fusion.

#### PDP progress update report May 2025

3.20 On 15 May 2025, the Pensions Dashboards Programme (PDP) published its latest progress update report. This half yearly report sets out PDP's ongoing work across a range of programme areas including updates on the standards and the latest information about the MoneyHelper pensions dashboard.

3.21 The progress report can be found [here](#).

### Scheme Advisory Board (SAB)

Further advice on fiduciary duty in the context of the LGPS

3.22 In January 2025, the Board received Nigel Giffin KC's updated opinion on the fiduciary duty in the LGPS.

3.23 The Board is considering whether further advice on specific points would be helpful. The Board's Secretariat is reviewing additional questions related to conflicts of interest and fiduciary duty. This review aims to determine the need for further legal advice for the Board and administering authorities.

### SAB Chair writes welcome letter to new Pensions Minister Torsten Bell

3.24 The Board Chair, Cllr Roger Phillips has written to the new Pensions Minister Torsten Bell to welcome him to his role. The letter makes three recommendations to the Minister:

- to provide clarity for the LGPS on the impact of the judgment made in the dismissed appeal of the Virgin Media Ltd v NTL Ltd case in July 2024
- to increase the limit in the Administration of Estates (Small Payments) Act 1965 to allow for more small payments to be made without the need for grant of probate or letters of administration
- to set the timetable for Phase 2 of the Pensions Review.

### The Pensions Regulator (TPR)

Warning members about pension scams

3.25 The Pensions Regulator (TPR) has updated its two-page pension scams leaflet and the letter to be issued to members when transferring benefits out of a defined benefit scheme. Both documents can be found on the Warn members about pension scams page of the TPR website. The generic letter for a member transferring out of a defined benefit scheme is not appropriate for members of a public service pension scheme.

TPR publishes data strategy

3.26 TPR's data strategy challenges pension schemes to raise data standards which will in turn improve outcomes, increase efficiency, enhance innovation and reduce the regulatory burden. It provides an overview of TPR's data vision for the coming years, expected changes at TPR and how these will affect pension scheme administrators and managers.

3.27 The strategy can be found [here](#).

### Wider landscape

Inquiry on AI in banking, pensions and other financial services

3.28 The Treasury Committee has launched an inquiry into the use of artificial intelligence (AI) in banking, pensions and other financial services. This inquiry aims to understand the potential benefits and risks, including its impact on employment, financial stability and consumer protection.

## The Neonatal Care Leave and Pay (Consequential Amendments to Subordinate Legislation) Regulations 2025

- 3.29 On 24 February 2025, the Department for Business and Trade laid the Neonatal Care Leave and Pay (Consequential Amendments to Subordinate Legislation) Regulations 2025.
- 3.30 The regulations came into force on 6 April 2025 and make changes related to neonatal care leave (NCL) and pay. This is a new statutory entitlement for employed parents whose child receives neonatal care starting within 28 days of birth and goes on to spend seven or more continuous days in care. Eligible parents will be entitled to up to 12 weeks of NCL in addition to existing entitlement such as maternity, adoption and paternity leave. The leave must be taken within 68 weeks of the baby's birth. The entitlement applies to children born after 5 April 2025.
- 3.31 The regulations amend regulations 15(4)(b), 16(17)(a) and the definition of 'child-related leave' in schedule 1 of the LGPS (England and Wales) Regulations 2013, treating neonatal care leave similarly to most other types of child-related leave. Members on paid neonatal care leave are treated as receiving assumed pensionable pay. Members on unpaid neonatal care leave can choose to buy back the lost pension through a shared-cost additional pension contract.

### Skills and knowledge opportunities

- 3.32 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 Committee to maintain the necessary skills and knowledge to undertake their role effectively.
- 3.33 In order to facilitate the acquisition of skills and knowledge for members of the Pension Committee, members are expected to complete the online training modules and in addition appendix 1 lists the main events that are deemed useful and appropriate.
- 3.34 If members of the Pension Committee would like to attend any of the events listed in appendix 1, please contact a member of the Fund's governance team who will make the necessary arrangements if an invitation has not already been sent.
- 3.35 The Training Strategy was last approved at the March 2025 meeting of the Pension Committee. Please find the Training Strategy [here](#).
- 3.36 Reminder emails were sent to members that had not completed the training by the deadline and subsequent emails were sent to the Chair of the Committee and Board to highlight non-compliance. Any training not undertaken has been reflected in the Fund's Risk Register.
- ## 4. Cambridgeshire Pension Fund Policy/Strategy updates
- 4.1 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.
- 4.2 For the period no officer reviews were conducted.

4.3 The below table provides an update of upcoming reviews:

Policy/Strategy	Review reason	Comments/amendments made
Cessations Policy	Annual officer review due	A comprehensive review is required in conjunction with the review of the Funding Strategy Statement. An update on proposed revisions will be provided later in the year as part of the valuation reporting.
Data Improvement Policy	Annual officer review due	The policy will be presented for a full Committee review during 2025/26 in line with the pending Dashboard developments.
Governance Policy and Compliance Statement	Annual officer review due	Confirmation that the Officer review has been undertaken will be included in the October 2025 Governance and Compliance Report. This may be delayed depending upon the outcome of the pension review and associated timescales.
Overpayment of Pension and Debt recovery Policy	Annual officer review due	Confirmation that the Officer review has been undertaken will be included in the October 2025 Governance and Compliance Report.
Administration Strategy	Annual officer review due	The Strategy was approved in June 2024 with further immaterial changes applied in December 2024 via the Governance and Compliance Report. The annual review will therefore be conducted in December 2025.

5. Relevant Pension Fund objectives

- To ensure compliance with the LGPS Regulations and other legislation and guidance, including the Pensions Regulator’s Code of Practice.
- To ensure individuals responsible for managing the Fund and delivering its services have the appropriate knowledge and expertise.
- To manage the Fund in a fair and equitable manner and be accountable to the Fund’s stakeholders.
- To ensure robust processes, controls and risk management are in place.
- To continually measure and monitor success against the Fund’s objectives.

6. Implications (including financial implications)

6.1 Resources and financial

6.1.1 There are no resources or financial implications arising from the report.

6.2 Legal

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

6.2.2 The Fit for the Future consultation proposes a number of changes that may lead to changing responsibilities between the administering authority and its asset pool, as well as significant evolution of pool models/structures. The consultation also includes further proposals regarding such matters as fund governance.

6.3 Risk management

6.3.1 The Constitution Section 4.8 para 1.3 states that the Pension Committee has “Authority to develop and maintain a skills and knowledge framework for all Pension Committee and Investment sub-committee members and for all officers of the Fund including;

- (i) Determining the Fund’s knowledge and skills framework;
- (ii) Identifying training requirements;
- (iii) Developing training plans; and
- (iv) Monitoring attendance at training events.

6.3.2 This report ensures on-going compliance with the above and that the Pension Committee is up to date with:

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

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

6.3.4 The Fund’s risk register can be found [here](#).

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

## 6.4 Consultation

6.4.1 The Fund is kept updated with developments and consultations via various sources such as the Local Government Association, The Pensions Regulator and Scheme Advisory Board. No consultation was required for this report.

## 6.5 Consultation with Key Advisers

6.5.1 None.

## 7. Background papers

7.1 None.

## 8. Appendices

8.1 Appendix 1 - Cambridgeshire Pension Fund Training Plan