

**CAMBRIDGESHIRE
PENSION FUND**



Pension Committee

Date: 24 March 2016

Report by: Head of Pensions

Subject:	Pension Fund Annual Business Plan Update report 2015-16
Purpose of the Report	To present the fourth Pension Fund Business Plan Update for the 2015-16 financial year to the Pension Committee.
Recommendations	The Committee are asked to note the attached Pension Fund Business Plan fourth update for the 2015-16 financial year.
Enquiries to:	Name – Joanne Walton – LGSS Pensions Governance and Regulations Manager Tel – 01604 367030 E-mail – jwalton@northamptonshire.gov.uk

1. Background

1.1 Good governance ensures that updates to the pre-agreed Annual Business Plan are provided to the Committee on a regular basis. This update highlights the progress made on the Fund's activities, its achievement on the key performance indicators and also any other initiatives during each quarter of 2015-16 as laid out in the Annual Business Plan.

1.2 The Fund Business Plan update is attached in **Appendix 1**.

2. Business Plan Update

2.1 Key Fund activities

2.1.1 This section provides an update on the achievements of LGSS Pensions Service in working towards the Fund activities for 2015-16 as laid out in the Annual Business Plan. During this reporting period, good progress has been made on all the key Fund activities.

2.2 Contribution reporting

- 2.2.1 This section details the percentage of scheme employers that pay over their employee and employer monthly contributions by, or after, the statutory deadline of the 19th day of the month following deduction. For the period 1 October 2015 to 31 December 2015 an average of 1.7% of employers paid their contributions late. Over the October to December payroll periods, £140,595.03 of contributions was paid over late.
- 2.2.2 In addition, the late submissions of payment schedules are now being monitored as non-reconciled payments puts additional strain on the Service to resolve. For the period 1 October 2015 to 31 December 2015 an average of 3.5% of employers submitted their schedules late.

2.3 Administration and Investment Expenses

- 2.3.1 This section provides a forecast of administration and investment costs against the original estimate in the Annual Business Plan and Medium Term Strategy 2015-16.
- 2.3.2 The net position of total administration, governance and investment expenses shows an overspend position of £278k against the original estimate. The main reasons were;
- Administration Expenses (£54k), mainly relate to County Council Related Overheads; where anticipated savings will slip into the 2016-17 financial year;
 - Direct Investment related expenses (£436k) which previously had not been shown gross, but netted off against fund manager fees;
 - Governance related (-£212k) an under spend on actuarial costs (-£212k) reflecting higher recovery of actuarial costs to employers.

2.4 Key Performance Indicators

- 2.4.1 This section of the Business Plan Update reports on the key performance indicators (KPIs) as set out in the Business Plan.
- 2.4.2 For this quarter (November, December and January), most Pension Service targets either met or exceeded target with the exception of providing a maximum of one estimate of benefits to employees per year on request and to provide a transfer in quote to scheme members within 10 working days or on receipt of all appropriate information.
- 2.4.3 The target set for scheme employers to submit all new starters and variations was not achieved but progress has been made in this area due to continued close liaison with the large payroll providers. Currently one large payroll provider is not submitting timely and accurate interfaces and this is currently being managed.
- 2.4.4 The key performance indicators will continue to be monitored through out the reporting period with appropriate actions to be taken where targets are not being met.

3. Relevant Pension Fund Objectives

Perspective	Outcome
Governance	<ul style="list-style-type: none"> To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies. Ensure the Fund and its stakeholders have the appropriate skills and receive training to ensure those skills are maintained in a changing environment.
Communications	<ul style="list-style-type: none"> Promote the Scheme as a valuable benefit. Deliver a clear and consistent message; that is simple, relevant and impactful, uses plain English throughout and engages all levels of stakeholders' understanding. Provide clear information about the Scheme, including changes to the Scheme, and educate and engage with members so that they can make informed decisions about their benefits. Seek and review regular feedback from all stakeholders about communication and shape future communications appropriately. Look for efficiencies in delivering communications including through greater use of technology and partnership working.
Administration	<ul style="list-style-type: none"> Provide a high quality, friendly and informative administration service to the Funds' stakeholders. Administer the Funds in a cost effective and efficient manner utilising technology. Ensure the Funds and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Funds. Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary. Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount. Maintain accurate records and ensure data is protected and has authorised use only. Understand the issues affecting scheme employers and the LGPS in the local and national context and adapt strategy and practice in response to this.
Funding and Investment	<ul style="list-style-type: none"> To ensure that the Fund is able to meet its liabilities for pensions and other benefits with the minimum, stable level of employer contributions. To ensure that sufficient resources are available to meet all liabilities as they fall due. To maximise the returns from its investments within reasonable risk parameters.

4. Finance & Resources Implications

4.1 The financial and resource implications are set out in the Business Plan.

5. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There is no risk associated with this as the content has been agreed in the Business Plan	Approved Business Plan	Green

b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
If the Fund does not have a Business Plan Update the Fund will have significant lack of direction, control and structure in the management of its business.	Amber

6. Communication Implications

Direct Communications	The Pension Fund Business Plan Update will be presented to the Pension Fund Committee at its quarterly business meetings.
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7. Legal Implications

7.1 Not applicable

8 Consultation with Key Advisers

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

9. Alternative Options Considered

9.1 Not applicable

10. Background Papers

10.1 Not applicable

11. Appendices

11.1 Appendix 1 – Annual Business Plan Update 2015-16 – Update 4 (March 2016).

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	Not applicable
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	Sarah Heywood – 2/3/2016
Has this report been cleared by Head of Pensions?	Mark Whitby – 2/3/2016
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 2/3/2016
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 7/3/2016

