

PENSION FUND COMMITTEE



Date: Thursday, 23 March 2017

Democratic and Members' Services

Quentin Baker

LGSS Director: Law and Governance

10:00hr

Shire Hall

Castle Hill

Cambridge

CB3 0AP

Kreis Viersen Room

Shire Hall, Castle Hill, Cambridge, CB3 0AP

AGENDA

Open to Public and Press

1. **Apologies for absence and declarations of interest**
Guidance on declaring interests is available at <http://tinyurl.com/ccc-dec-of-interests>
2. **Minutes and Action Log for the Pension Fund Committee held 8th December 2016** **5 - 14**
3. **Governance and Legislation Report** **15 - 22**
4. **Business Plan Update Report** **23 - 42**
5. **Employers Admissions and Cessations Report** **43 - 52**
6. **2017 Joint Communications Strategy** **53 - 94**
7. **CIPFA Pensions Administration Benchmarking Club Report 2016** **95 - 128**
8. **Risk Register Review** **129 - 148**

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| 9. | Cambridgeshire Pension Fund Revised Training Strategy 2016 | 149 - 166 |
| 10. | The Pensions Regulator's Public Service Pension Scheme
Compliance Assessment Tool
Break | 167 - 186 |
| 11. | Pension Fund Annual Business Plan and Medium Term Strategy,
2017-18 to 2019-20 | 187 - 212 |
| 12. | Investment Strategy Statement | 213 - 226 |
| 13. | Asset Pooling update (oral item) | |
| 14. | Exclusion of Press and Public | |
| | <i>To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraph 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> | |
| 15. | Valuation Presentation (oral item) | |

The Pension Fund Committee comprises the following members:

Councillor Roger Hickford (Chairman) Councillor Maurice Leeke (Vice-Chairman)

Mr Gareth Deeble Councillor Andrew Fraser Mr Matthew Pink Councillor David Seaton and Mr John Walker Councillor Peter Ashcroft Councillor Noel Kavanagh Councillor Gail Kenney and Councillor Joshua Schumann

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

Clerk Name: Dawn Cave

Clerk Telephone: 01223 699178

Clerk Email: dawn.cave@cambridgeshire.gov.uk

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Public speaking on the agenda items above is encouraged. Speakers must register their intention to speak by contacting the Democratic Services Officer no later than 12.00 noon three working days before the meeting. Full details of arrangements for public speaking are set out in Part 4, Part 4.4 of the Council's Constitution <http://tinyurl.com/cambs-constitution>.

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MINUTES OF THE PENSION FUND COMMITTEE

Date: Thursday 8th December 2016

Time: 10:00am – 11.40am

Place: Kreis Viersen Room, Shire Hall, Cambridge

Committee Members present:

Councillors P Ashcroft, R Hickford (Chairman), N Kavanagh, M Leeke (Vice Chairman); G Deeble, L Brennan and M Pink

Officers: C Blose, D Cave, S Heywood, M Oakensen, R Perry, S Pilsworth and J Walton; D Green (Hymans)

Apologies: John Walker (Liz Brennan substituting); Cllrs A Fraser, G Kenney and J Schumann

93. DECLARATIONS OF INTEREST

Liz Brennan declared a personal interest as an active member of LGPS.

Matthew Pink declared a personal interest as both he and his wife were active members of LGPS.

94. MINUTES AND ACTION LOG OF THE PENSION FUND COMMITTEE 20TH OCTOBER 2016

The minutes of the Pension Fund Committee meeting held on 20th October 2016 were approved as a correct record.

With regard to the Action Log item no. 86, Jo advised that this was now completed as payment had been received within the last week.

It was resolved to:

- (1) approve the minutes of the Pension Fund Committee meeting held 20th October 2016;
- (2) note the Action Log of the Pension Fund Committee meeting held 20th October 2016.

95. GOVERNANCE AND LEGISLATION REPORT

The Committee received a report on governance issues concerning the Local Government Pension Scheme (LGPS) on a national and local basis, and also details of forthcoming training events.

The Pensions Regulator had published a self-assessment tool for those involved in running public service pension schemes to assess how they were getting on with both meeting their legal requirements and complying with the guidance set out in the Regulator's Code of Practice in relation to governance and administration of public service pension schemes. LGSS had previously tested the tool and provided feedback to the Pensions Regulator regarding its functionality. A complete version of the self-assessment tool would be presented at the next meeting of the Pension Committee.

The Pensions Regulator had also commenced its 2016 survey of the governance and administration of public service pension schemes.

DCLG had issued the results of data collection forms by LGPS administering authorities. The key points included:

- The market value of LGPS funds in England at the end of March 2016 was just over £200 billion;
- There were 1.8 million active members, 1.5 million pensioners and 1.8 million deferred members.

With regard to the Early Day Motion to annul LGPS Investment Regulations 2016, Jo confirmed that there had been no delay in the regulations coming into force.

It was resolved to:

note the content of the report.

96. EMPLOYERS ADMISSION AND CESSATIONS REPORT

The Committee received a report on the admission of five admission bodies and one designating body to the Cambridgeshire Pension Fund.

It was resolved to:

1. notes the admission of the following admission bodies to the Cambridgeshire Pension Fund:
 - Easy Clean (Eastfield Infants LEA)
 - Lunchtime (Gorefield)
 - Lunchtime (Over)
 - Lunchtime (St Matthews)
 - Lunchtime (Swaffham Prior)

2. notes the admission of the following designating bodies to the Cambridgeshire Pension Fund:

- Melbourn Parish Council

With Members' consent, the Chairman agree to reverse the order of the next two items.

97. ASSET POOLING REPORT

Members received a report on the latest progress with collaboration of the ACCESS group, working together on LGPS asset pooling arrangements.

Members noted the proposed structure, including the (shadow) Joint Governance Committee (JGC), which would comprise of the Chairs of the member Funds, and the Officer Working Group (OWG) being put together. Work was currently going on to agree the terms of a draft Inter Authority Agreement (IAA) necessary to put in place the formal, legally binding structure and to define the decision-making powers of the respective Authorities that will be delegated to the JGC. The ACCESS pool currently had no delegated powers from any of its constituent authorities. It was envisaged that the draft IAA would be presented to the County Council's Constitution & Ethics Committee on 26/01/17 in advance of it going to the full Council meeting at the end of March, seeking a change of Constitution so that the requisite powers could be delegated to the Joint Governance Committee.

There were nine governing principles of the ACCESS fund which would be included in the IAA:

- collaborative
- risk management
- objective evidence based decisions
- equitable voice in governance
- professionalism
- equitable cost sharing
- no unnecessary complexity
- evolution and innovation
- Value for Money

Members noted which responsibilities the JGC would take on, and which responsibilities would remain with each member Fund. There was a discussion on how the pool could be held to account, noting that ultimately the Operator was on contract to serve the ACCESS pool, and the ultimate sanction was that they could be replaced or dismissed. There would be mechanisms by which the JGC held the Operator to account for its performance.

The JGC's responsibilities included governance, operator relationships strategic planning, ensuring Value for Money, implementing common policies, cross pool liaison and approving advisors and suppliers. ACCESS was

currently putting out feelers on which companies would be interested in participating in the procurement process to be appointed the Operator.

It was noted that the Pool was very linear in terms of progress, but with sign-offs on different dates to suit relevant authorities' democratic processes so that the authorities' Constitutions could be changed for the April 2017 deadline.

The Chairman advised that with regard to cross pool liaison, although officers meet regularly, he had asked at the Chairmen's meeting whether the respective pools' Elected Members should also meet on a regular basis. However, there had been no appetite for this from the other Chairmen, given the volume of work currently being undertaken, so cross pool liaison would be reliant on officers for the time being.

There was a discussion on the type of pool-wide policies that would be overseen by the JGC compared to those that would still be managed by individual Funds. It was suggested that the arrangements would not hamper effectiveness, and could potentially make Funds more effective.

It was noted that the sign off by government was supposed to be straightforward, but had not yet happened, and a Member commented that it appeared partly due to a lack of understanding by DCLG on how the LGPS worked and the powers currently reserved to the Administering Authorities. This had delayed the process, as it was originally planned to present the proposed Constitutional changes to the December full Council meeting, but without the government "green light" this was not possible. It was noted that all pools had met with the government minister over the last few weeks to discuss their July submissions.

Members were reminded that there was an open invitation to the Task & Finish group on Tuesday 13th December.

It was resolved unanimously to:

1. note the progress made on the Asset Pooling proposal and in particular the work in the Inter Authority Agreement (IAA) and the challenge of meeting the full Council deadline of early February 2017.

98. AUDIT REPORT

Duncan Wilkinson presented the final report of the 2015-16 audit of LGSS Pensions Administration. The audit assessed the adequacy of design and controls for the administration of the Pensions Services in Cambridgeshire and Northamptonshire. Based on the fieldwork and testing carried out, Internal Audit had given substantial assurance for controls in place and operating within LGSS pensions for 2015-16.

Members were pleased to note that all areas were given “substantial assurance” with the exception of Death of Pensioners (“good assurance”) and Reconciliations, which had “moderate assurance”. The reasons for this were explored, noting the comment in the report that “the task of reconciliation will take some considerable time unless additional resources are allocated to this in order to bring this to a swift conclusion”, in relation to the reconciliation between Payroll and Altair. It was noted that without additional resources, this reconciliation would take considerable time, and there was significant reputational risk if overpayments had to be recovered.

Officers reassured Members that for the 2016/17 year end reconciliation the process would be addressed and the reconciliation would be automated from that point forward: in the past collecting all the required information had been very resource intensive.

With regard to the reconciliation between Altair payroll and Altair administration, where there were historical differences, officers explained that the introduction of Altair had been resource intensive. Whilst it was a resource issue, the type of additional staff resource required to address this issue needed to be very skilled and experienced, and it was difficult to attract such individuals, and there were competing priorities for the time of the existing experienced officer team. An external company had been contracted to audit the data, and the results were expected in February. The Chairman commented that if additional resource was required to deal with this issue, the Head of Pensions should contact the Chairman and Vice Chairman.

Turning to the Death of Pensioners, Members discussed ways of ensuring quicker notification of unnotified deaths, e.g. through Life Certificates, noting that the National Fraud Initiative (NFI) data matching process provided some checking facilities. A particular risk area were those pensioners living overseas. It was noted that lack of notification was not usually due to fraud or even negligence, but rather an oversight at a difficult time by members of the deceased’s family. Officers advised that they had contacted other Funds to see how they approach this area, and it appeared that they focused on specific groups e.g. overseas, certain ages. It was also noted that the annual newsletter was sent to home addresses, which could act as a prompt. Pensions were also stopped if payslips were returned through the postal system.

Duncan confirmed that he was happy with the direction of travel for areas highlighted in the Audit, and was aware that some actions were work in progress.

It was confirmed that the tolerance thresholds set for reconciliations were per annum, and officers agreed to review the thresholds, with a view to reducing thresholds, in the light of work being done.

It was resolved unanimously to note the audit work undertaken.

99. PENSION FUND TRAINING STRATEGY 2016

The Committee considered a report on the Cambridgeshire Pension Fund Training Strategy. The Knowledge Management Policy was tabled.

Officers noted that the strategy, produced by Hymans, recommended that Chairmen accrue 28 training credits, and members 25. A Scorecard would be produced so that training could be evidenced going forward. In response to a Member question, it was noted that based on existing scoring criteria, current Members had between 7 and 25 credits accrued.

The Chairman commented that the amount of knowledge needed by Members was enormous, especially with pooling, and it was difficult for Members to commit sufficient time given their competing priorities. This was exacerbated by the turnover in Members resulting from membership changes and elections. Members discussed whether there should be a requirement for Members to meet a minimum standard or participate in specific Pensions induction training before they could sit on the Committee, as with Planning Committee membership. It was noted that the skills and knowledge of the Committee was listed as a risk on the Risk Register. Much also depended on the experience and background of individual Members.

The various forms and providers of training were noted e.g. training courses, web-based, through providers like Hymans and in-house training, including joint training sessions with Northamptonshire Members and Local Pension Board Members. Training opportunities and conferences were reported to every Committee meeting.

It was noted that there was a free online training resources available on the Pensions Regulator website, which was freely accessible and a really useful starting point for new Members.

It was suggested that a further report was required at the new meeting, which would include issues such as induction training for new Members and credit thresholds for Pension Fund Committee Members. **Action required.**

It was unanimously resolved to:

1. Approve the Cambridgeshire Pension Fund Training Strategy appended to the report.

100. PENSION FUND ANNUAL BUSINESS PLAN UPDATE REPORT 2016-17

Michelle Oakensen presented the third Business Plan update for the 2016-17 financial year.

The final assessment of the Customer Service Excellence (CSE) accreditation was held in June and following this the LGSS Pensions Service had been awarded the CSE Standard.

Members noted performance against Key Performance Indicator (KPI) targets, noting the detailed analysis in the appendix and the reasons for shortfalls.

In response to a Member question, officers advised that there had been 164 requests for estimates, which was about average.

Members were disappointed to note the employers reported to the Pensions Regulator for underpayment or lack of payment.

It was resolved to:

1. note the Pension Fund Business Plan third update for the 2016-17 financial year.

101. EXCLUSION OF PRESS AND PUBLIC

It was resolved:

That under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business (item 10) on the grounds it contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended (information which is likely to reveal information relating to the financial or business affairs of any particular person) and that it would not be in the public interest for this information to be disclosed.

102. VALUATION

Douglas Green, Actuary, of Hymans Robertson, gave a presentation on the Actuarial valuation.

It was resolved to:

- 1) note the report.

103. DATE OF NEXT MEETING: 8 DECEMBER 2016 (10am)

CAMBRIDGESHIRE PENSION FUND

Pension Fund Committee

Agenda Item: 2(b)

Action log from previous meeting

This log captures the actions from the Pension Fund Committee of the 8 December 2016 together with any carried forward items from previous meetings and updates members on the progress on compliance in delivering the necessary actions. This is the updated action log as at

Outstanding actions from 20 October 2016 meeting of the Pensions Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
86	Pension Fund Annual Business Plan Update Report 2016-17	Joanne Walton	In a discussion regarding an employer who had made 2 late payments and 2 non-payments for the period, it was confirmed that the full amount owed by the employer would be paid shortly. It was agreed that a confidential email would be sent to the Committee, updating them on the situation, and advising whether any interest had been paid on the outstanding amounts.	Completed – Contributions paid for this period and an e-mail distributed to Committee members.

Outstanding actions from 8 December 2016 meeting of the Pensions Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
99.	Pension Fund Training Strategy 2016	Joanne Walton	It was suggested that a further report was required at the next meeting, which would include issues such as induction training for new Members and credit thresholds for Pension Fund Committee Members.	Completed – Revised training strategy being presented at the March 2017 meeting.

**CAMBRIDGESHIRE PENSION
FUND**



Pension Committee

Date: 23 March 2017

Report by: Head of Pensions

Subject:	Governance and Legislation Report
Purpose of the Report	To provide the Pension Committee with: 1) Information on issues concerning the governance of the Local Government Pension Scheme (LGPS) on a national and local basis; 2) Information on new or amending legislation affecting the LGPS; 3) Details of relevant consultations affecting the LGPS; and 4) Details of forthcoming training events.
Recommendations	That the Pensions Committee notes the content of the report.
Enquiries to:	Jo Walton – Governance and Regulations Manager, LGSS Pensions Service Tel: 01604 367030 E-mail: jwalton@northamptonshire.gov.uk

1. Background

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

2. The Pensions Regulator

2.1 Quick guide to record keeping

- 2.1.1 The Pensions Regulator (TPR) has published a short guide on record keeping for trustees and managers of occupational pension schemes and public service pension schemes.
- 2.1.2 The guide follows a survey that TPR undertook on record keeping within occupational schemes in early 2016 which showed that there has been little recent improvement in record keeping standards.
- 2.1.3 In future, TPR will be asking trustees and scheme managers to report on their record keeping work in TPR's annual scheme return.

The guide can be found - <http://www.thepensionsregulator.gov.uk/press/pn16-53.aspx>

- 2.1.4 LGSS Pensions will be producing a Record Keeping policy that will be presented to the Pension Committee in December 2017.

3. Scheme Advisory Board

- 3.1.1 The Scheme Advisory Board's deficits working group met on 8 November 2016 to consider a work plan for the coming months.
- 3.1.2 The working group considered the management of deficits in three employer groups
- Tier 1 - Tax payer backed employers – Local authority and related companies plus admitted bodies with pass through arrangements or local authority guarantees
 - Tier 2 - Academies and Multi Academy Trusts with the benefit of a DfE guarantee.
 - Tier 3 Private or public sector employers with no central or local authority guarantee – including admission and scheduled bodies without local authority guarantees, or 'pass through' funding and Higher and Further Education establishments.
- 3.1.3 A meeting was held on 7 March 2017 where representatives from various LGPS funds met to discuss how best to collate information on the tier 3 employers from all 89 individual LGPS funds. A LGSS Pensions Officer represented Cambridgeshire Pension Fund at this meeting.
- 3.1.4 Further information can be found - <http://www.lgpsboard.org/index.php/sub-comms/deficits-working-group>
- 3.2 The Scheme Advisory Board also met on 6 December 2016 to discuss the following items –
- Pooling;
 - Transparency Code;
 - Academies;
 - Cost Management Committee update; and
 - Investment Committee update
- 3.2.1 Full details of the meeting can be found - <http://www.lgpsboard.org/index.php/board-publications>

4. Section 151 Representative on the Pensions Committee.

- 4.1 With effect from 24 March 2017, Clive Mason will be replacing Stephen Pilsworth on the Pensions Committee as the section 151 representative for Local Authorities.

5. Election for non-local authority employers' representative

- 5.1 On 1 April 2017 the Pension Committee 's non-local authority employers' representative is due for re-election, following the retirement of Tim Woods whose position has been temporarily filled by the elected substitute, Gareth Deeble. As such, a democratic selection process, as approved by the Chairman of the Pension Committee and Cambridgeshire County Council's Monitoring Officer, is currently in progress to elect the new representative.
- 5.2 The successful candidate will be eligible to attend the next Pension Committee meeting on 29 June 2017 and the candidate who attains second position in the ballot will automatically become the substitute for the post.

6. Consultation on indexation and equalisation of GMP in public service pension schemes

- 6.1 On 28 November 2016, HM Treasury commenced a consultation that proposes options for the indexation and equalisation of Guaranteed Minimum Pension (GMP) elements for members of public service pension schemes who will reach state pension age on and after 6 December 2018. The consultation concluded on 20 February 2017.
- 6.2 On 6 April 2016 the government introduced the new State Pension, designed to radically simplify pension provision whilst ensuring that pensioners have security in retirement. This simplification removed layers of complexity from the system, harmonised the rate of National Insurance contributions paid by employees and employers and was intended to promote private saving by giving people a better understanding of the amount of support they can expect to receive from the State when they reach state pension age.
- 6.3 Among the layers of complexity that has been removed is the additional state pension, an earnings related element of the old state system.
- 6.4 The removal of the additional state pension has led to the need to consider how public service pension payments for a specific group of members should be increased in the future. Those who were in 'contracted-out' employment during the period 6 April 1978 to 5 April 1997 (inclusive) who accrued a guaranteed minimum pension (GMP) from their public service pension scheme and who will reach state pension age after 5 December 2018 will be affected.
- 6.5 The consultation aims to consider two issues by putting forward a number of solutions. The two issues that are considered are:
- How best to avoid the unequal payments to men and women in public service schemes that result from the abolition of the additional state pension; and
 - Whether, following the introduction of the new State Pension, public service pension schemes should, for someone who reaches SPA after 5 December 2018, provide full indexation on any GMP the public service pension scheme pays?
- 6.6 The solutions are detailed in **appendix 1**.

6.7 The consultation document can be found at the following link;

<https://www.gov.uk/government/consultations/indexation-and-equalisation-of-gmp-in-public-service-pension-schemes/consultation-on-indexation-and-equalisation-of-gmp-in-public-service-pension-schemes>

7. Pensions Dashboard

- 7.1 In the 2016 Budget the Government announced that it intended to ensure that the pensions industry would, by April 2019, design, fund and launch a 'pensions dashboard' a tool that would allow individuals to view all their pensions savings in one place.
- 7.2 The Treasury have since appointed the Association of British Insurers (ABI) to lead the development of a prototype pensions dashboard by the end of Spring 2017.
- 7.3 In December, the LGPC Secretariat attended a 'challenge session' hosted by HM Treasury and the ABI for defined benefit pension schemes on the dashboard. During this session the following points were noted:
- The dashboard will include details of individual's occupational pensions as well as their state pension entitlement.
 - No decisions have been made on the level of details that individuals will be able to access on their pensions.
 - Public service pensions are out of scope for the development of the prototype, but it is intended that public service pensions data will be included in the dashboard when it launches in 2019.
 - The dashboard will only include information on pensions that aren't already in payment.
 - The government's preference is that the pensions industry participate in the dashboard on a voluntary basis, but they will reserve the right to legislate if needed.
 - No decisions have been made on whether the Government will provide funding to public service pension schemes to cover the dashboard's implementation costs.

8. Training Events

- 8.1 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 Pensions Committee to maintain the necessary skills and knowledge to undertake their role effectively.
- 8.2 In order to facilitate the acquisition of skills and knowledge, **appendix 2** lists all events that are deemed useful and appropriate.
- 8.3 Requests to attend events will be facilitated by the Governance Team. It may be necessary to restrict numbers of attendees on some courses through reasons of cost.

9. 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 manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>

10. Finance & Resources Implications

10.1 Not applicable

11. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There is no risk associated with this report		Green

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

Risk	Risk Rating
That the Committee are ill-informed about important consultations and changes affecting the Fund they are responsible for administering	Red

12. 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.
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13. Legal Implications

13.1 There are no legal implications connected to the contents of this report.

14. Consultation with Key Advisers

14.1 There has been no requirement to consult with advisers over the content of this report.

15. Alternative Options Considered

15.1 There are no alternative options to be considered.

16. Background Papers

16.1 Not applicable

17. Appendices

17.1 Appendix 1 - Consultation on indexation and equalisation of GMP in public service pension schemes

17.2 Appendix 2 - List of training events/conferences

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?	No
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	Sarah Heywood – 6/3/2017
Has this report been cleared by Head of Pensions?	Mark Whitby – 22/2/2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 6/3/2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 3/3/2017

Consultation on indexation and equalisation of GMP in public service pension schemes

Solution	Methodology for indexation	Method for equalisation	Points to consider
Case-by-case	Comparison of the total income received by the pensioner from public and state pension provision under the old and new system. Where the member has lost financially, the member would be compensated up to the value of the loss of indexation only. This method does not provide full indexation to all members.	The same calculation would be repeated for an equivalent, theoretical member of the opposite sex. The scheme would then pay the higher of the male or female benefit to the affected individual.	The Government Actuary's Department (GAD) estimate this would increase liabilities for the public service pension schemes by around £1.5 billion. This is equivalent to increasing schemes' total liabilities by 0.15%. It is however very administratively complex, would continue for decades and would require significant investment in administrative systems for all public service pension schemes.
Full indexation	For those attaining state pension age after 5 December 2018, this is a continuation of the current policy announced on 1 March 2016, which requires the public service pension schemes to directly meet the cost of indexing the GMP.	This method also prevents inequalities being introduced between men and women by the abolition of the additional state pension. By fully indexing the GMP it ensures that no individual is worse off as a result of no longer in effect receiving indexation on their GMP through the additional state pension.	However, because this policy applies to all individuals it would mean that a large number of individuals would be compensated when they were already better off as a result of the transition to the new State Pension. GAD estimate this policy would increase liabilities for public service pension schemes by around £5 billion. This is equivalent to increasing schemes' total liabilities by around 0.5%. Full indexation is administratively much less complex than case-by-case as it is a continuation of current government policy.
Conversion	Conversion of the GMP into a scheme benefit, equating £1 of GMP to £1 of scheme benefit. This has a similar outcome to full indexation.	Conversion of GMP to main scheme pension would avoid the inequalities between men and women that would otherwise occur following the abolition of the additional state pension.	It has a similar cost to full indexation and is likely to involve some administrative complexity to complete the conversion but should be significantly simpler in the longer term for schemes. Public service schemes would no longer need to abide by existing GMP legislation for these members.

Internal/External training and events 2016-17

The list of training events will be updated as we become aware of definitive dates and new events. We will also continue to email details of the training events as soon as we are notified where we feel members of the Pension Committee, Investment Sub-Committee and Local Pension Board will benefit from attending.

Date	Event	Training Credits	Target Audience
2 - 3 March 2017	LGC Investment Seminar	4	Officers, Committee/Board Members
7 April 2017	Data – 2017 (Pensions Age / ITM)	2	Officers
15-17 May 2017	PLSA LA Conference	4	Officers, Committee/Board Members
21 May 2017	Schroders Trustee Training - Introductory	2	Officers, Committee/Board Members
29 -30 June 2017	14 th Annual LGPS Trustees Conference	4	Officers, Committee/Board Members
4 – 6 July 2017	LGA Annual Conference & Exhibition	4	Officers, Committee/Board Members
12-13 July 2017	CIPFA Annual Conference	4	Officers, Committee/Board Members
TBC	Heywoods class group AGM	2	Officers
3 September 2017	Schroders Trustee Training – Advanced	2	Officers, Committee/Board Members
7 -8 September 2017	LGC Investment Summit	4	Officers, Committee/Board Members
19 September 2017	Local Pension Board Seminar	2	Board Members
18 – 20 October 2017	PLSA Annual Conference and Exhibition	4	Officers, Committee/Board Members
8 November 2017	Local Pension Board Seminar	2	Board Members
TBC	UBS First steps seminar	2	Officers, Committee/Board Members
TBC	UBS Second steps seminar	2	Officers, Committee/Board Members
21 – 22 November 2017	Pension Managers Annual Conference	4	Officers, Committee/Board Members
TBC	LAPFF Annual Conference	4	Officers, Committee/Board Members

**CAMBRIDGESHIRE PENSION
FUND**



Pension Committee

Date: 23 March 2017

Report by: Head of Pensions

Subject:	Pension Fund Annual Business Plan Update report 2016-17
Purpose of the Report	To present the fourth Pension Fund Business Plan Update for the 2016-17 financial year to the Pension Committee.
Recommendations	The Committee are asked to note the attached Pension Fund Business Plan Update for the 2016-17 financial year.
Enquiries to:	Name – Jo Walton, Governance and Regulations Manager Tel – 01604 367030 E-mail – jwalton@northamptonshire.gov.uk

1. Background

- 1.1 Good governance requires 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 key activities and ensures that the Pension Fund's objectives are being met.

2. Business Plan Update

2.1 Member and Employer Self Service

- 2.1.1 Member Self Service (MSS) is available to both active and deferred members from across both the Cambridgeshire and Northamptonshire Pension Funds.
- 2.1.2 Of the 90,454 active and deferred members across both Funds, 18.5% of active members and 6.2% of deferred members have registered to use MSS and have logged on for the first time to access their pension record. This represents a 3.5% increase in active members and 12.2% increase in deferred members who have logged on to MSS, since the previous update.
- 2.1.3 In August 2016 active members were advised that that their annual benefit statements for 2015/16 were available to view on-line via MSS. Unfortunately, at this current time we are unable to accurately report on how many individuals actually accessed their benefit statement online but Heywoods are working towards being able to produce this information in the future.
- 2.1.4 A total of 154 members of the Northamptonshire Pension Fund opted out of electronic benefit statements and so received paper versions.

2.1.5 Following the release of the annual benefit statements there has been a surge in general email queries from scheme members. The target set to respond to email queries is five working days. This target has always been exceeded with emails being addressed daily. In 2016 8,828 emails were received.

2.1.6 Work is continuing to promote Member Self Service to the remaining active and deferred scheme members via the following methods:

- LGSS Pensions website;
- New starter letters;
- Email signatures;
- Active member newsletters; and
- Annual benefit statement newsletters.

2.1.7 Employer Self Service (ESS) is available to all scheme employers, outsourced payroll providers and HR departments. As 2016/2017 is a valuation year, employers have been encouraged to sign up to ESS and cleanse their membership data in order to receive accurate valuation results. The figures below reflect the amount of activity within ESS for period 1 November 2015 to 31 January 2017 across both the Cambridgeshire Pension Fund and Northamptonshire Pension Fund:

	Requests for ESS access	First time logons	Total logons	New starters created	Leavers created	Changes to hours worked updates	Benefit calculation
01/11/2015 to 31/10/2016		164	3,492	1,283	1,321	1,301	761
01/11/2016 to 31/01/2017	33	22	740	400	248	261	132

2.1.8 The total number of employers that have logged on to ESS since it was established in July 2012 is 367 across both Funds.

2.2 Annual scheme employer and member survey

2.2.1 The scheme employer survey is planned for March 2017 and the scheme member survey is to be conducted during May and June 2017. The results of the surveys will be shared with the Pension Committee once they become available.

2.3 The use of technology to deliver scheme employer training

2.3.1 Following the success of the scheme employers' year end 2015/2016 return training webinars last year, there has been further utilisation of webinars to deliver training to employers on year end returns and ill health processes.

2.3.2 Webinars are now the default method of training and work is currently underway to develop further sessions on employer responsibilities training for new employers who have joined the scheme within six months of being admitted.

2.4 The development of applications that decrease the level of manual intervention and data input

2.4.1 Through the quarterly scheme employer bulletins, email correspondence and employer responsibilities training sessions, employers are made increasingly aware of the benefits of Employer Self Service (ESS). The use of ESS allows employers to update and submit information direct to LGSS Pensions removing the need for officers to process paper forms, whilst maintaining an accurate audit trail.

2.4.2 The year end returns for 2016/2017 is now available on the LGSS Pensions website which incorporates four data validation checkers for employers to self-check their return before submission. This decreases the level of manual intervention from officers checking and returning incorrect submissions.

2.5 Overpayment of Pensions

2.5.1 The following table summarises the overpayments of pension, those overpayments in recovery and those written off during the period 1 November 2016 to 31 January 2017. Further detail is provided in sections 2.3.2 to 2.3.4.

Overpayment Type	Action	Amount	Total
Death of a Pensioner/Dependent	Written off	£3,563.28 (38 cases)	£24,862.51 (48 cases)
	In the process of recovery	£21,299.23 (10 cases)	
Retirement	Written off	£0	£66.36 (2 cases)
	In the process of recovery	£66.36 (2 cases)	

2.5.2 During the period 1 November 2016 to 31 January 2017, 48 scheme members passed away and the date of notification to the Fund resulted in an overpayment of the late member's pension. Of the overpayments, 38 were automatically written off as the value of the overpayment was less than £250. The remaining 10 cases are currently being pursued for recovery of the overpayment.

2.5.3 One of these 10 cases amounted to £13,659.83 as the widow failed to inform us of the death of her husband (the scheme member) and now he has since passed away. The sister of the originator is now dealing with the affairs and the invoice has been raised to recover this amount.

2.5.4 In this period £12,458.77 has been recovered to date for the current financial year across all overpayment types.

2.6 Actuarial Valuation 2016

- 2.6.1 Following the initial whole fund results that were presented at the October meeting of the Pensions Committee, the Actuary has issued individual employer results which were issued to those employers attending the Employers' Forum on 30 November.
- 2.6.2 Those employers attending the Employers' Forum discussed the reports in detail and had the opportunity to raise any concerns they may have had.
- 2.6.3 The employer contribution rates will be finalised and certified by the actuary and published on the Rates and Adjustments certificate no later than 31 March 2017. The contribution rate published on this certificate will constitute the official employer contributions required for the inter-valuation period.

2.7 Procurement of actuarial, governance and benefits consultancy updates

- 2.7.1 The procurement of actuarial, governance and benefits consultancy services is due to be procured via the LGPS National Frameworks with a view to have a contract start date of 1 January 2018. As such notice with the current provider will need to be given in June 2018. LGSS Pensions in the upcoming months will be progressing this to ensure these deadlines are achieved.

2.8 Variances against the forecast of investments and administration expenses

- 2.8.1 The following table provides a breakdown of the fund account and supporting tables detailing management expenses from 1 April 2016 to 31 March 2017. These figures reflect against the original estimate and inform typical reasons for variances with additional specific detail where necessary.

	2016-17 Estimate	2016-17 Forecast	Variances	Comments
	£000	£000	£000	
Contributions	(111,082)	(123,000)	11,918	Variance due to increased active membership, evidenced by 2015/16 outturn of £118,843k being greater than 2016/17 estimate.
Transfers in from other pension funds	(5,370)	(5,370)	0	Demand led
TOTAL INCOME	(116,452)	(128,370)	11,918	
Benefits payable	92,784	97,000	4,216	Variance due to increased pensioner membership, evidenced by 2015/16 outturn of £92,374k being close to 16/17 estimate.
Payments to and on account of leavers	5,370	5,370	0	Demand led.
	98,154	102,370	4,216	

Management Expenses	7,855	8,027	172	See tables below
TOTAL INCOME LESS EXPENDITURE	(10,443)	(17,973)	(7,530)	
Investment Income	(28,000)	(28,000)	0	No variance
Taxes on Income (Profit) and losses on disposal of investments and changes in the market value of investments	(73,000)	(73,000)	0	No variance
Net return on investments	(101,000)	(101,000)	0	
Net (increase)/decrease in the net assets available for benefits during the year	(111,443)	(118,973)	(7,530)	

Management Expenses	2016-17 Estimate	2016-17 Forecast	Variances	Comments
	£000	£000	£000	
Total administration expenses	2,249	2,421	172	See below
Total governance expenses	428	428	0	No variance
Total investment expenses	5,178	5,178	0	See below
Total Management Expenses	7,855	8,027	172	

Administration Expenses	2016-17 Estimate	2016-17 Forecast	Variances	Comments
	£000	£000	£000	
Staff related	1,184	1,204	20	Part year revised budget to reflect additional posts
Altair system	259	259	0	No variance
Altair payroll project	0	152	152	Variance represents the complete Altair project cost. Actual overspend from original business case is £27,500.
Communications	64	64	0	No variance
Other non-pay and income	40	40	0	No variance
County Council overhead recovery	702	702	0	No variance
Total Administration Expenses	2,249	2,421	172	

Investment Expenses Analysis	2016-17 Estimate	2016-17 Forecast	Variances	£000
	£000	£000	£000	
Management fees	4,720	4,720	0	No variance
Investment expenses	458	458	0	No variance
Total Investment Expenses	5,178	5,178	0	

Governance Expenses Analysis	2016-17 Estimate	2016-17 Forecast	Variances	£000
	£000	£000	£000	
Governance Costs	328	328	0	No variance
ACCESS Asset Pooling Costs	100	100	0	No variance
Total Governance Expenses	428	428	0	

2.9 LGSS Pensions Service Improvement Plan

2.9.1 LGSS Pensions successfully undertook a range of actions to improve the customer journey based around improvements identified through analysis of the December 2015 LGSS Customer Satisfaction results. These improvements included:

2.9.1.1 Attainment of the Customer Service Excellence Standard accreditation with work undertaken throughout the year to improve the quality and timeliness of customer responses, including keeping customers up to date with progress.

2.9.1.2 Improved senior oversight of workflows to ensure complex cases are not delayed.

2.9.1.3 Improving the ability of customers to contact LGSS Pensions through reconfiguration of our telephone hunt groups.

2.10 LGSS Pensions Service and scheme employer key performance indicators

2.10.1 The performance for LGSS Pensions Service for the period 1 November 2016 to 31 January 2017 is as follows -

Key Performance Indicators	Target	Month		
		November	December	January
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%	96%	96%	99%

Key Performance Indicators	Target	Month		
		November	December	January
Payment of retirement benefits from active employment. (Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later).	95%	100%	100%	98%
Award dependant benefits. (Issue award within 5 working days of receiving all necessary information).	95%	86%	86%	97%
Provide a maximum of one estimate of benefits to employees per year on request. (Estimate in agreed format provided within 10 working days from receipt of all information).	90%	87%	90%	84%
Provide transfer-in quote to scheme member. (Letter issued within 10 working days of receipt of all appropriate information).	95%	97%	90%	79%
Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	100%	100%	100%
Notify the employer and scheme members of changes to the scheme rules. (Within one month of the LGSS Pensions Service being informed of the change).	95%	100%	100%	50%*
Issue annual benefit statements to active members as at 31 March each year. (By the following 31 August - pending timely receipt of satisfactory year end data from the scheme employer).	100%	100%	N/A	N/A

*There were two scheme changes during the period, one scheme change missed. Remedial action; this was a one off due to competing project deadlines, the communication was still distributed within the statutory deadline

2.10.2 The full analysis of data for November, December and January statistics along with explanations on the lower than expected performance can be found in **Appendix 1** of this report.

2.10.3 The performance for scheme employers for the period 1 October 2016 to 31 December 2016 is as follows -

Key Performance Indicators	Target %	Month %		
		October	November	December
Arrange for the correct deduction of employee and employer contributions to Pension Fund in a timely manner, providing an associated monthly statement/schedule in a format acceptable to the Administering Authority.	100%	97.4%	98.0%	98.9%
Employers to provide LGSS Pensions Service with accurate year end information in the prescribed format by 30 April following contribution year end.	100%	N/A	N/A	

2.10.4 Employer performance continues to be managed by officers of the Fund and progress continues to be made. Close liaison with employers in regards to the timely submission of both payments and schedules in order for them to meet statutory compliance.

2.10.5 The relationship between size of employer and whether the employer met the key performance indicators (KPIs) for scheme employer performance is detailed in **Appendix 2** of this report.

2.11 Timeliness of employer and employee pension contributions

2.11.1 The following table 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 (after the 19th of the month following deduction) for the period 1 January 2016 to 31 December 2016.

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedules on Time	% of Employers that Submitted Schedules Late
January 2016	97.3	2.7	98.9	1.1
February 2016	98.9	1.1	98	2.0
March 2016	97.6	2.4	97.3	2.7
April 2016	96.3	2.7	94.5	5.0
May 2016	97.0	3.0	95.3	4.7
June 2016	97.2	2.8	96.9	3.1
July 2016	97.2	2.8	99.1	0.9
August 2016	96.6	3.4	95.9	4.1
September 2016	97.1	2.9	97.3	2.7
October 2016	97.4	2.6	96.7	3.3
November 2016	98.0	2.0	96.8	3.2
December 2016	98.9	1.1	97.6	2.4
Average for period	97.4	2.6	97.0	3.0

- 2.11.2 For October, 7 employers paid contributions late equating to £2,597.46 which is approximately 0.01% of the expected amount of contributions due. These employers collectively have 7 active members contributing to the LGPS. Two of the late payments were made by employers who had previously been reported to the Pensions Regulator within the last 6 months and were therefore automatically reported again as per the Payment of Employee and Employer Pension Contributions Policy.
- 2.1.6 For November, 2 employers failed to make payment and 2 employers made late payments equating to £6,718.87, which is approximately 0.03% of the total contributions due for the month. The employers collectively have 5 active members contributing to the LGPS. Two of the late payments were made by employers who had previously been reported to the Pensions Regulator in October due to previous late payments and were therefore automatically reported again as per the Payment of Employee and Employer Pension Contributions Policy. One employer made two late payments within the period and is being closely monitored.
- 2.1.7 For December, 5 employers made late payments equating to £50,393.65 which is approximately 0.48% of the total contributions due for the month. The employers collectively have 35 active members contributing to the LGPS. One employer was reported to the Pensions Regulator again as they failed to make payment of their employer and employee contributions by the 19th of January and had previously defaulted on contributions on a number of occasions.

3. Relevant Pension Fund Objectives

Continually monitor and measure clearly articulated objectives through business planning.
Objective 4

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 there will be significant lack of direction, control and structure in the management of its business.	Amber

6. Communication Implications

Direct Communications	The Business Plan Update will be presented to the Pension 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 – Pensions Service KPI analysis for November, December and January

11.2 Appendix 2 - The relationship between size of employer and key performance indicators.

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?	No
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	Sarah Heywood – 6/3/2017
Has this report been cleared by Head of Pensions?	Mark Whitby – 23/2/2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 6/3/2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 3/3/2017

Appendix 1 – Key Performance Indicator analysis for November, December and January								
November 2016								
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%	435	419	16	96%		
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%	78	78	0	100%		
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	41	36	5	86%		Low volume of case work in this area and this impacts the percentage if there are cases not within target.

November 2016								
Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	115	102	13	87%		Cases outside of SLA target due to high volumes of actual retirement work during August and September which were given priority over estimates at that time.
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	22	20	2	90%		Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to high volumes of work and staff in training.
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	20	20	0	100%		

December 2016								
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%	374	360	14	96%		
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%	89	88	1	99%		
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	26	22	4	86%		Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to training of new staff.

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	102	92	10	90%		
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	18	16	2	89%		Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to staff changes, payroll checking and payroll testing.
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	14	14	0	100%		

January 2017

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%	533	528	5	99%		
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%	105	103	2	98%		
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	29	28	1	97%		

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	115	97	18	84%		Cases outside of SLA target due to staff changes and development of new team members.
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	19	15	4	79%		Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to staff changes and development of new team members.
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	5	5	0	100%		

Green:

- **Equal to or above 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 all 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 – Largest employers in the Fund and performance on the payment of contributions, the submission of payment schedules and the submission of year end information.

Late Payments

<u>Employer</u>	<u>Actives</u>	<u>Payroll</u>	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>	<u>Feb-16</u>	<u>Mar-16</u>	<u>Apr-16</u>	<u>May-16</u>	<u>Jun-16</u>	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>
A	3893	In house	-1	2	3	-1	-1	-2	-2	0	-4	0	-2	-2
B	1614	In house	-3	-4	-3	-3	0	-1	-2	0	0	1	-1	-3
C	1377	In house	-1	0	0	-1	0	0	-2	0	0	-20	0	-1
D	951	In house	-1	0	0	-1	0	0	-2	0	0	0	0	-1
E	907	In house	-3	-4	-2	-1	-4	-1	5	-4	-16	-24	0	-3
F	580	Outsourced	-1	0	0	-1	0	0	-2	0	0	-3	0	-1
G	410	Outsourced	-1	0	0	-2	-4	0	1	-4	-7	0	1	-1
H	391	Outsourced	-1	0	-1	-2	0	-2	-2	-5	4	-4	-1	-2
I	362	In house	-4	0	3	-4	-2	-3	-5	-8	3	-7	-1	-4
J	280	In house	-1	-1	0	-1	0	0	-2	0	0	0	0	-1
K	244	Outsourced	-19	-32	-21	-19	-19	-20	-19	-19	-21	0	-19	-19
L	240	In house	-1	-4	0	-1	-1	0	-2	-1	0	-3	0	-1
M	213	In house	-19	-19	-21	-19	-19	-20	-19	-19	-21	-6	-19	-19
N	169	In house	-1	0	-1	-1	-1	0	-2	0	0	0	0	-4
O	163	In house	-19	-19	-21	-19	-19	-20	-19	-19	-21	-3	-19	-19
P	146	Outsourced	-18	-19	-18	-18	-12	-20	-18	-18	-18	-18	-19	-18
Q	144	Outsourced	-18	-19	-18	-18	-18	-20	-18	-18	-18	-18	-19	-18
R	140	In house	-1	-1	-1	-1	-1	0	-2	-1	-1	-3	-2	-3
S	139	In house	-18	-19	-18	-18	-18	-20	-18	-18	-18	-18	-19	-18
T	135	Outsourced	-19	-19	-21	-19	-19	-20	-19	-19	-21	-19	-19	-19

Minus denotes early payments and plus denotes late, highlighted are the payments that fell outside of desired acceptance.

Late Payment Schedules

Employer	Actives	Payroll	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16
A	3893	In house	53	22	0	-1	-1	-1	-2	0	-1	1	0	-1
B	1614	In house	-4	-3	-3	-2	-2	0	-2	17	-2	-3	-5	-2
C	1377	In house	-36	-32	-32	-30	-28	-29	-31	-32	-31	-31	-30	-32
D	951	In house	-32	-29	-26	-32	-13	-27	-27	-29	-31	-31	-30	-31
E	907	In house	-10	-5	-1	-4	-1	-7	8	-11	-4	-10	8	-10
F	580	Outsourced	2	0	-1	2	-4	4	2	-1	-1	-5	-2	9
G	410	Outsourced	16	-15	-17	-25	3	174	143	113	82	51	21	9
H	391	Outsourced	-10	-7	-7	-4	-5	-9	8	-6	-8	14	-8	-10
I	362	In house	-18	-27	-1	-16	-13	-13	-18	-20	-17	-13	-16	-18
J	280	In house	-33	-34	-31	-32	-29	-28	-32	-29	-31	-32	-29	-32
K	244	Outsourced	-23	-28	-18	-21	-13	-14	-24	-22	-20	-2	-21	-24
L	240	In house	-3	-7	-3	-3	-5	-4	-5	-6	-3	-6	-2	-8
M	213	In house	-17	-12	17	-17	-13	-14	-17	-15	-21	-19	-16	-15
N	169	In house	23	0	-24	-12	-17	-13	-17	-13	-18	8	-22	-24
O	163	In house	-19	-32	-22	-19	-20	-20	-19	-18	-25	-20	-20	-24
P	146	Outsourced	-18	-13	-18	-3	-20	-15	-17	-14	-4	-13	-19	-22
Q	144	Outsourced	-18	-13	-18	-3	-20	-15	-17	-14	-4	-13	-19	-22
R	140	In house	-17	-28	-16	11	-12	-14	-26	-21	-24	-20	-22	-26
S	139	In house	-18	-13	-18	-3	-20	-15	-17	-14	-4	-13	-19	-22
T	135	Outsourced	-19	-28	-21	-22	-20	-15	-19	-18	-22	-20	-20	-25

Minus denotes early payments and plus denotes late, highlighted are the schedules that fell outside of desired acceptance.

Late year-end submissions

<u>Employer</u>	<u>Actives</u>	<u>Payroll</u>	<u>Comments</u>
B	1614	In house	The first submission was rejected due to some missing data, employer was extremely co-operative and the correct data submitted 13 May 2016.
R	140	In house	Employer had issues with their payroll data so an extension was agreed to 4 May 2016.
T	135	Outsourced	The first submission was rejected due to the pay reference numbers being incorrect. Resubmitted 9 May 2016.

**CAMBRIDGESHIRE
PENSION FUND**



Pension Committee

Date: 23 March 2017

Report by: Head of Pensions

Subject:	Employer Admissions and Cessations Report
Purpose of the Report:	<ol style="list-style-type: none">1. To report the admission of five academy trusts to the Cambridgeshire Pension Fund.2. To report the admission of four admission bodies to the Cambridgeshire Pension Fund.3. To report the cessation of seven employers from the fund
Recommendations:	<p>That the Pension Committee</p> <ol style="list-style-type: none">1. Notes the admission of the following Multi Academy Trusts to the Cambridgeshire Pension Fund:<ul style="list-style-type: none">• Tri-Borough Alternative Provision• Godmanchester Community Education Trust• Staploe Education Trust• Chilford Hundred Education Trust• Cam Academy Trust2. Notes the admission of the following admission bodies to the Cambridgeshire Pension Fund:<ul style="list-style-type: none">• CRCC - Cambridge Rape Crisis Centre• Lunchtime UK Ltd (Fulbourn Primary)• Lunchtime UK Ltd (Abbey Meadows Community Primary School)• Lunchtime UK Ltd (Ditton Lodge Community Primary School)

	<p>3. Notes the current withdrawal from the Cambridgeshire Pension Fund of the following bodies:</p> <ul style="list-style-type: none"> • Taylor Shaw Ltd t/a Waterfall Catering Group • Thorokleen • Lunchtime (Thorndown) • EasyClean (Eastfield Infants School) • Dell Corp (Neale Wade College) • Dell (Cromwell College) • Dell (Sir Harry Smith College)
Enquiries to:	<p>Name – Mark Whitby, Head of LGSS Pensions Tel – 01604 368502 E-mail – mwhitby@northamptonshire.gov.uk</p>

1. Background

- 1.1. The Local Government Pension Scheme Regulations 2013 (as amended) [the Regulations] provide for the admission of a number of different types of body to the Local Government Pension Scheme; scheduled bodies, designating bodies, and admission bodies.
- 1.2 This report provides an update on admissions to the Cambridgeshire Pension Fund since the last meeting of the Pension Committee.

2. New Scheduled Bodies

- 2.1 Regulation 3 (1) of the Regulations provides for a person employed by a body listed in Schedule 2 to be an active member of the Local Government Pension Scheme. Part 1 of Schedule 2 includes “a proprietor of an Academy” as being a class of Schedule 2 employer and therefore a Scheduled Body. There is no discretion on the administering authority or the employer as to whether or not employers in Schedule 2 are provided with access to the Fund; it is a requirement.
- 2.2 The LGPS Regulations recognise the proprietor of the Academy as the scheme employer. Where Academies are part of a Multi Academy Trust (MAT), the Trust is the scheme employer and not each individual Academy. Academies joining an existing MAT are not reported as they are therefore not recognised as new scheme employers.

Date	New Academy/Trust
01/10/2015	Tri-Borough Alternative Provision
01/09/2016	Godmanchester Community Education Trust
01/02/2017	Staploe Education Trust
01/11/2016	Chilford Hundred Education Trust
01/01/2017	Cam Academy Trust

- 2.3 Actuarial advice has been sought on appropriate employer contribution rates from the fund actuary and these will be advised to the new Academy proprietors.

3 New Admission Bodies

- 3.1 Paragraph 1 of Part 3 of Schedule 2 to the Regulations provides for an Administering Authority making an admission agreement with an admission body, enabling employees of the admission body to be active members of the Local Government Pension Scheme.

3.2 A body which falls under paragraph 1(d)(i) of Part 3 of Schedule 2 is an admission body that is providing a service or assets in connection with the exercise of a function of a scheme employer, as a result of a transfer of the service or assets by means of a contract or other arrangement. Though the Regulations effectively provide discretion on the administering authority as to which bodies become paragraph 1(d)(i) admission bodies, guidance by the Department of Communities and Local Government in December 2009 states *“The administering authority cannot decline to admit a contractor if the contractor and the letting authority agree to meet the relevant requirements of the LGPS regulations.”*

3.3 The Pension Committee is asked to note that the following have become new admission bodies in the Cambridgeshire Pension Fund under paragraph 1(d)(i)

Date	New Admission Body	Background information
01/07/2016	Cambridge Rape Crisis Centre (CRCC)	Cambridgeshire County Council has outsourced its enhanced and preventive domestic abuse services to Cambridge Rape Crisis Centre. This body is admitted as a pass through admission meaning Cambridgeshire County Council remains responsible for the pension liabilities in the long term.
05/01/2017	Lunchtime UK Ltd (Fulbourn Primary School)	Cambridgeshire County Council has outsourced its catering services for Fulbourn Primary School to Lunchtime UK Ltd and has transferred the catering staff to Lunchtime UK under TUPE regulations. This body is admitted as a pass through admission meaning Cambridgeshire County Council remains responsible for the pension liabilities in the long term
01/09/2016	Lunchtime UK Ltd (Abbey Meadows Primary School)	Cambridgeshire County Council has outsourced its catering services for Abbey Meadows Primary School to Lunchtime UK Ltd and have transferred the catering staff to Lunchtime UK under TUPE regulations. This body is admitted as a pass through admission meaning Cambridgeshire County Council remains responsible for the pension liabilities in the long term

22/10/2016	Lunchtime UK Ltd (Ditton Lodge Community Primary School)	Cambridgeshire County Council has outsourced its catering services for Ditton Lodge Community Primary School to Lunchtime UK Ltd and have transferred their catering staff to Lunchtime UK under TUPE regulations. This body is admitted as a pass through admission, meaning Cambridgeshire County Council remains responsible for the pension liabilities in the long term.
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4. Cessations

- 4.1 Taylor Shaw Ltd (Waterfall Catering Group) were admitted to the fund under a full admission agreement on 1 September 2008, after entering into a contract to provide catering services at St Peters School, Cambridge. This resulted in a transfer of staff from Cambridgeshire County Council, to Taylor Shaw Ltd, under TUPE regulations.
- 4.1.2 The admission agreement has now ceased following the natural termination of the contract on 31 December 2015. All employee and employer pension contributions owing to the Fund have been paid and the calculation of any potential deficit owing to the Cambridgeshire Pension Fund is currently being assessed.
- 4.2 Thorokleen were admitted to the Fund under a pass through admission agreement on 1 May 2012, after entering a contract to provide cleaning services of Peterborough Culture and Leisure Trust (Vivacity), which resulted in a transfer of staff from Vivacity to Thorokleen.
- 4.2.1 The admission agreement has now ceased following the natural termination of the contract on the 31 August 2016. All employee and employer pension contributions owing to the Fund have been paid. As a pass through admission, all liabilities have passed back to Peterborough Culture and Leisure Trust, as the ceding employer therefore no cessation payment is required.
- 4.3 Lunchtime UK Ltd (Thorndown) were admitted to the fund under a pass through admission agreement on 1 September 2015, after entering a contract to provide catering services at Thorndown Primary School, which resulted in a transfer of staff from Cambridgeshire County Council to Lunchtime UK Ltd, under TUPE regulations.

- 4.3.1 The admission agreement has now ceased due to the last active member, under this contract, ceasing employment on the 10 June 2016. All employee and employer pension contributions owing to the Fund have been paid. As a pass through admission, all liabilities have passed back to Cambridgeshire County Council as the ceding employer, therefore no cessation payment is required.
- 4.4 EasyClean (Eastfield Infants) were admitted to the fund under a pass through admission agreement on 10 October 2016 after entering into a contract to provide cleaning services at Eastfield Infants school, which resulted in a transfer of staff from Cambridgeshire County Council to EasyClean under TUPE regulations.
 - 4.4.1 The admission agreement has now ceased due to the last active member leaving on 30 November 2016. All employee and employer pension contributions owing to the Fund have been paid. As a pass through admission, all liabilities will pass back to Cambridgeshire County Council therefore no cessation payment is required.
- 4.5 Dell Corp (Neale Wade and Thomas Clarkson) were admitted to the fund under a full admission agreement on 1 September 2011, after entering into a contract to provide IT services to Neale Wade School and Thomas Clarkson Community College as part of the building schools for the future project.
 - 4.5.1 The admission agreement has now ceased following the natural termination of the contract on 31 August 2016. All employee and employer pension contributions owing to the Fund have been paid. Due to risk sharing arrangements in the admission agreement, all liabilities will pass back to Cambridgeshire County Council as the ceding employer, from the contract, therefore no cessation payment is required.
- 4.6 Dell Corp (Cromwell College) were admitted to the fund under a full admission agreement on 1 September 2012, after entering into a contract to provide IT services to Cromwell Community College as part of the building schools for the future project.
 - 4.6.1 The admission agreement has now ceased due to the contract ending on 31 August 2016. All employee and employer pension contributions owing to the Fund have been paid. Due to risk sharing arrangements in the admission agreement, all liabilities will pass back to Cambridgeshire County Council as the ceding employer from the contract, therefore no cessation payment is required.
- 4.7 Dell Corp (Sir Harry Smith College) were admitted to the fund under a pass through admission agreement on 19 September 2013, after entering into a contract to provide IT services to Cromwell Community College as part of the building schools for the future project

- 4.7.1 The admission agreement has now ceased due to the last active member leaving on 31 August 2016. All employee and employer pension contributions owing to the Fund have been paid. As a pass through agreement, all liabilities will pass back to Cambridgeshire County Council as the ceding employer from the contract, therefore no cessation payment is required.

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. <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 manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>

5. Finance & Resources Implications

- 5.1 Actuarial costs incurred by obtaining a calculation of employer contribution rates, bond levels and funding positions at commencement are recharged directly to the relevant employer.
- 5.2 The employer contribution rates contain an allowance for administration charges, meaning the new admissions should be cost neutral.
- 5.3 Employers who are unable to pay monies due during the course of active membership may result in unpaid liabilities being borne by other employers in the Fund. Measures to mitigate such an eventuality are readily available for admission bodies and set out in section 8 below.

6. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
An admitted body does not pay the pension contributions due in full or on time. A late payments policy is in place which sets clear policies on how we deal with late or non-payment of contributions.	Further to this, there is the ability, under the terms of the admission agreement, to require the letting authority to set off against any payments due to the Admission Body an amount equal to the sum due and pay the sum to the Fund.	Green
A company admitted to the Fund as an admission body may become financially unviable.	A surety bond or guarantor is required to cover the potential risk of the admitted body becoming insolvent and the monetary value of this risk is reviewed regularly to ensure it provides adequate cover for the financial risks involved.	Green
Future pension liabilities that cannot be supported by the Academy.	A parliamentary minute, laid in July 2013, concerning Academies and Local Government Pension Scheme (LGPS) liabilities, provides assurance that the Department for Education will meet any outstanding Local Government Pension Scheme liabilities in the event of an Academy Trust closure.	Green

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

Risk	Risk Rating
Non compliance with CLG guidance that, an application by an admission body falling under paragraph 1(d)(i) of Part 3 Schedule 2 of the regulations, cannot be declined where the requirements of the LGPS Regulations are met.	Red
Non compliance with the mandatory requirement to allow academies admission to the Pension Fund.	Red

7. Communication Implications

Direct Communications	Direct communications will be required to facilitate employer start up in the LGPS.
Newsletter	Regular pension bulletins are issued to the scheme employers on topical matters.
Induction	New employers require an introduction to their employer responsibilities under the LGPS.
Seminar	Employers will be entitled to attend an annual Employer Forum.
Training	Generic and bespoke training courses will be made available.
Website	New employers are given access to the employer's guidance available on the pension's website.

8. Legal Implications

- 8.1 Admitted bodies enter into an admission agreement with the administering authority in order to become an employer within the Cambridgeshire Pension Fund. This agreement sets out the statutory responsibilities of an employer, as provided for under the Regulations governing the LGPS.

9. Consultation with Key Advisers

- 9.1 Contribution rate and bond assessments are undertaken by Hymans Robertson, the Fund Actuary.
- 9.2 A precedent admission agreement has been drafted by Eversheds, specialist pension legal advisers in consultation with LGSS Law.

10. Alternative Options Considered

- 10.1 None available.

Checklist of Key Approvals	
Is this decision included in the Business Plan?	No
Will further decisions be required? If so, please outline the timetable here	No
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	Sarah Heywood – 6/3/2017
Has this report been cleared by Head of Pensions?	Mark Whitby – 21/2/2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 6/3/2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 3/3/2017

**CAMBRIDGESHIRE
PENSION FUND**



Pension Committee

Date: 23 March 2017

Report by: Head of Pensions

Subject:	2017 Joint Communications Strategy
Purpose of the Report	To present the Cambridgeshire Pension Fund Communication Strategy to member of the Committee.
Recommendations	The Committee are asked to approve the Communication Strategy located in the appendix to this report.
Enquiries to:	Name - Cory Blose – LGSS Employer Services and Systems Manager Tel – 07990 560829 E-mail – cblose@northamptonshire.gov.uk

1. Background

- 1.1 The Local Government Pension Scheme Regulations 2013 (The Regulations) requires the Pension Fund to prepare, maintain and publish a written statement setting out its policy concerning communications with members and scheme employers.

61. (1) An administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with—

- (a) members;*
- (b) representatives of members;*
- (c) prospective members; and*
- (d) Scheme employers.*

(2) In particular the statement must set out its policy on—

- (a) the provision of information and publicity about the Scheme to members, representatives of members and Scheme employers;*
- (b) the format, frequency and method of distributing such information or publicity; and*
- (c) the promotion of the Scheme to prospective members and their employers.*

(3) The statement must be revised and published by the administering authority following a material change in their policy on any of the matters referred to in paragraph (2).

- 1.2 The current Communication Strategy was previously approved at the October 2014 Pension Committee meeting. This is included in **appendix 1**.
- 1.3 The existing Strategy has been reviewed to ensure it is fit for purpose and in line with the Pension Fund's objectives which have been amended since the previous strategy was approved.
- 1.4 A proposed new strategy incorporating the new Pension Fund Objectives has been drafted by Officers and included in **appendix 2**.
- 1.5 The changes between the 2014 and proposed revised Strategy are identified in Section 3 of this report.

2. The Communications Strategy

- 2.1 The Communications Strategy details the Funds approach to the delivery of the Funds key communication objectives, including the methods of communication that will be used for each of the following stakeholders:

Active scheme members
Deferred scheme members
Prospective scheme members
Retired scheme members
Dependant scheme members
Scheme employers
Fund staff

- 2.2 The Strategy sets firm deadlines for key communications in the Communications Plan, which is updated annually.
- 2.3 The Communication Strategy also provides details about the Funds approach to the following matters:

Brand Identity
Confidentiality
Disclosure
Equality
Freedom of Information

3. Revisions made to the Communication Strategy

- 3.1 The main revisions to the Strategy have been to ensure that the strategy is aligned with the revised Pension Fund objectives. The new relevant objectives have been included in section 4 of this report. For fullness, the old objectives that applied to the Communication Strategy were as follows:

Provide clear information about the Scheme, including changes to the Scheme, to educate and engage with scheme members so that they can make informed decisions about their membership, contributions and benefits.
Deliver a clear and consistent message that is engaging, factual and presented in plain language.
Promote the Scheme as a valuable benefit.
Seek and review regular feedback from all stakeholders about communications and shape future communications appropriately.
Look for efficiencies in delivering communications including through greater use of technology and partnership working.

- 3.2 Other changes to the Strategy reflect changes to the way in which we communicate with members, particularly, the Funds increasing use of electronic communication, where possible and some minor rewording.
- 3.3 The Communication Plan has also been updated to show schedule communications for the 2017/18 Scheme year.

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. (Objective no 1)
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. (Objective no 3)
Continually monitor and measure clearly articulated objectives through business planning. (Objective no 4)
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. (Objective no 5)
Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. (Objective no 8)

Promote the Scheme as a valuable benefit. (Objective no 12)
Deliver consistent plain English communications to Stakeholders. (Objective no 13)
Provide Scheme members with up to date information about the Scheme in order that they can make informed decisions about their benefits. (Objective no 14)

5. Finance & Resources Implications

- 5.1 There are no direct finance and resource implications of approving this plan however, the communication activities themselves will have costs and resource application which will depend entirely on the final specification of each communication activity.

6. Risk Implications

- a) Risk(s) associated with the proposal

Risk	Mitigation	Risk Rating
There are no risks associated with this proposal.		

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

Risk	Risk Rating
Failure to comply with Regulation 61 of the Local Government Pension Scheme Regulations 2013	Red
Failure to comply with statutory obligations to provide members and scheme employers with certain key communications throughout the scheme year.	Red

7. Communication Implications

Direct Communications	Not applicable
Website	The approved communication strategy will be published on the LGSS Pensions website

8. Legal Implications

- 8.1 Not applicable

9 Consultation with Key Advisers

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

10. Alternative Options Considered

10.1 Not applicable

11. Background Papers

11.1 Not applicable

12. Appendices

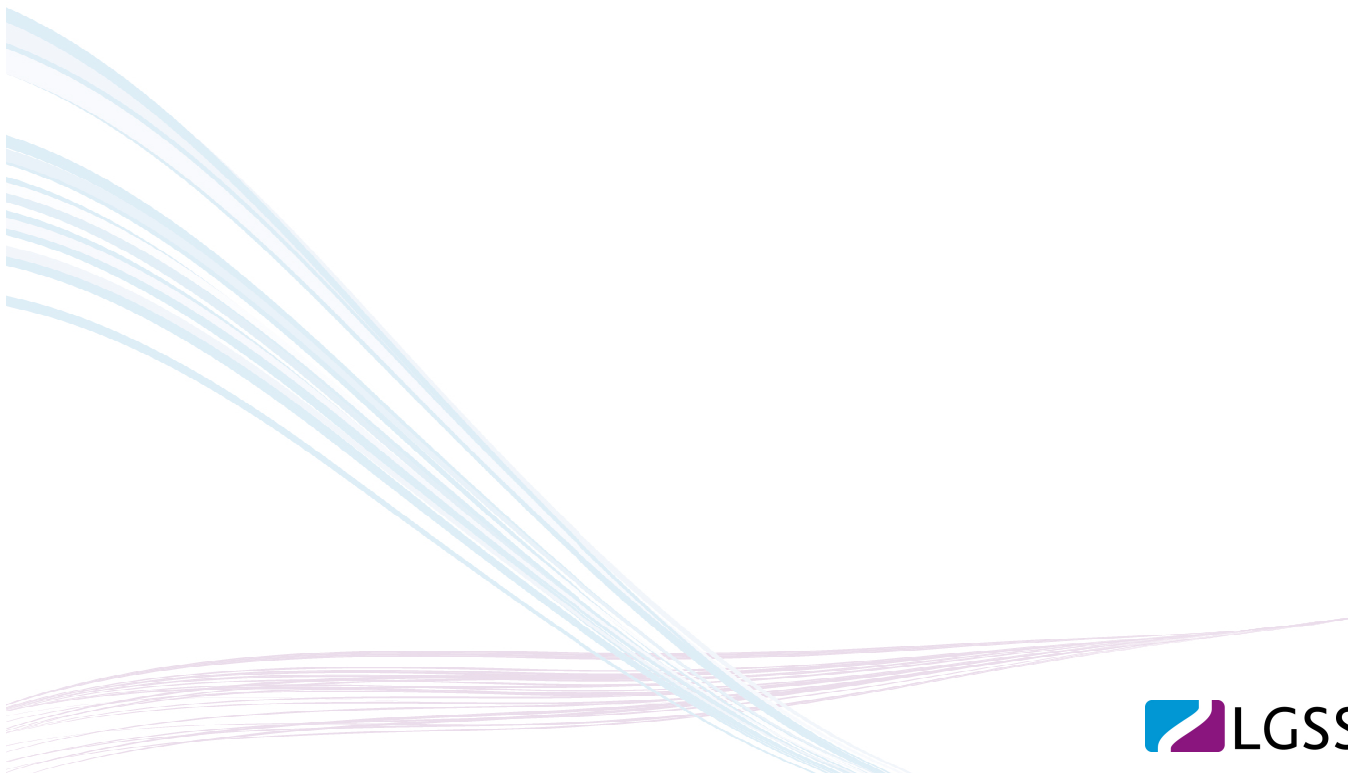
12.1 Appendix 1 – Existing Cambridgeshire Pension Fund Communications Strategy

12.2 Appendix 2 – Proposed revised Cambridgeshire Pension Fund Communications Strategy

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Yes
Will further decisions be required? If so, please outline the timetable here	No
Is this report proposing an amendment to the budget and/or policy framework?	N/A
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	Sarah Heywood – 6/3/2017
Has this report been cleared by Head of Pensions?	Mark Whitby – 22/2/2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 6/3/2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker - 3/3/2017

CAMBRIDGESHIRE PENSION FUND & NORTHAMPTONSHIRE PENSION FUND

JOINT COMMUNICATION STRATEGY



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1. Introduction

This is the joint Communications Strategy for the Cambridgeshire Local Government Pension Fund and the Northamptonshire Local Government Pension Fund managed by Cambridgeshire County Council and Northamptonshire County Council respectively (the Administering Authorities). The administration of these Funds is carried out by the LGSS Pensions Service, which incorporates administration for both the Cambridgeshire Pension Fund and the Northamptonshire Pension Fund.

Together the Funds have around 400 employers with contributing members and a total membership of over 119,000 scheme members. These members are split into the following categories and with the following approximate numbers of members in each category:

Category	Cambridgeshire Pension Fund	Northamptonshire Pension Fund
Active scheme members	24,854	18,334
Deferred scheme members	25,793	20,887
Pensioner members	14,991	14,155

This document outlines our strategic approach to communications and is effective from 1 November 2014. It will be reviewed annually to ensure the key objectives remain relevant.

2. Communication Strategy

Regulatory framework

This Statement has been produced in accordance with Regulation 61 of the Local Government Pension Scheme Regulations 2013. The Regulation requires Administering Authorities to:

- Prepare, maintain and publish a written Statement setting out their policy concerning communications with:
 - Scheme members (active, deferred, retired and dependant)
 - representatives of scheme members
 - prospective scheme members
 - scheme employers
- Set out their policy on:
 - the provision of information and publicity about the Scheme
 - the format, frequency and method of distributing such information or publicity
 - the promotion of the Scheme to prospective scheme members and their employers.

- Keep the Statement under review and make such revisions as are appropriate following a material change in the policy on any of the matters included. If revisions are made, a revised statement must be published.

Key objectives

The communications of Cambridgeshire Pension Fund and Northamptonshire Pension Fund will be delivered in line with these objectives. We aim to:

1. Provide clear information about the Scheme, including changes to the Scheme, to educate and engage with scheme members so that they can make informed decisions about their membership, contributions and benefits
2. Deliver a clear and consistent message, that is engaging, factual and presented in plain language
3. Promote the Scheme as a valuable benefit
4. Seek and review regular feedback from all stakeholders about communications and shape future communications appropriately
5. Look for efficiencies in delivering communications including through greater use of technology and partnership working

Measurements are in place to determine if these objectives are being met – see ‘Implementation of Communication Key Objectives’.

Stakeholders of the Fund

There are several categories of stakeholder as detailed below.

- Active Scheme members
- Prospective Scheme members
- Deferred Scheme members
- Retired and Dependant Scheme members
- Scheme Employers
- Fund staff
- Pension Fund Committee
- External bodies
 - Trades Unions
 - Her Majesty's Revenue & Customs (HMRC)
 - Department for Communities and Local Government (DCLG)

- The Pensions Regulator
- National Fraud Initiative
- Audit Commission

Brand Identity

The Funds recognise that our visual identification is one of our most powerful assets. It tells people who we are and influences how they remember and relate to us. Our branding increases our reputation whilst uniting us visually. When branding our communications it is important that:

- We have individual Fund identities that are distinct from each other and the County Council/LGSS identities.
- The look and feel of a communication should be identical where possible, but with separate Fund branding – e.g. newsletters should be identical where possible but would clearly display separate Fund branding on the front cover and only refer to the relevant Fund throughout the text.
- If it is unreasonable to produce different materials (e.g. cost difference, logistical challenges, etc) a joint brand is to be considered.
- Both Pension Fund Boards will be required to sign off high-level branding decisions.
- The brand will need to be adaptable to other funds that may become part of LGSS in the future

Confidentiality

The fund is registered under the Data Protection Act 1998 as part of Cambridgeshire County Council and Northamptonshire County Council. Information will be shared between Cambridgeshire County Council and Northamptonshire County Council for the purposes of pensions administration. Information regarding scheme members and organisations is treated with respect by all our staff.

Disclosure

Each Fund may, if it chooses, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund, for example, the Fund's AVC providers.

Equality

Our communications are tailored to the individual needs of our stakeholders. We will make every effort to provide communications to our stakeholders in their preferred language or format on request.

Freedom of information

This Communications Strategy identifies the classes of information that each Fund publishes or intends to publish in compliance with the Freedom of Information Act. Anyone has a right

under the Freedom of Information Act to request any information held by the Fund which is not already made available. Requests should be made in writing to the Head of Pensions at the address at the end of this document.

A fee may be charged and the Funds reserves the right to refuse a request if the cost of providing the information is disproportionately high; if following prompting the request is unclear; and when the requests are vexatious or repeated.

Implementation of Communication Key Objectives

This table sets out the implementation of the delivery of the Funds key communication objectives.

The agreed objectives with measures for success that form the 'Communication Strategy' are:

Objective	Measures of success	Review process
Provide clear information about the Scheme, including changes to the Scheme, to educate and engage with scheme members so that they can make informed decisions about their benefits	<p>Communication includes information and changes to the scheme that supports all stakeholder understanding</p> <p>Communication is delivered via the most appropriate media to the audience</p> <p>Effective promotion of new media or change of processes to all stakeholders</p> <p>Feedback from all stakeholders that they have understood the communication enough to make an informed decision</p>	<p>Surveys and polls (on websites and by post). Focus groups.</p> <p>Surveys and polls on websites. Focus groups. Monitor hits on website.</p> <p>Use appropriate media to convey relevant messages.</p> <p>Surveys and polls on websites. Focus groups. Monitor incoming telephone call and email volumes.</p>
Deliver a clear and consistent message, that is engaging, factual and presented in plain language	<p>An effective implementation of the Communications Timetable to all audiences that is understood and timely.</p> <p>Feedback from all audiences on the quality and language used in the communication sent.</p>	<p>Monitor enquiries from Stakeholders as to when events will take place. (Reduced enquiries mean effective delivery).</p> <p>Surveys and polls on websites. Focus groups.</p>

	Feedback on the simplicity, relevance and impact of the communication sent.	Surveys and polls on websites. Focus groups.
Promote the Scheme as a valuable benefit	<p>Identify trends in opt outs. Communication to opt outs includes positive messaging and invites feedback.</p> <p>Positive feedback from all stakeholders</p> <p>All communications promote the scheme as a valuable benefit in a way that it understood by the audience</p>	<p>Monitor opt out rates and reasons, to identify trends.</p> <p>Surveys and polls on websites.</p> <p>Review scheme communications for effectiveness. Online rating of document usefulness.</p>
Seek and review regular feedback from all stakeholders about communication and shape future communications appropriately	The Communications Strategy is reviewed and adapted where appropriate, as a result of feedback from stakeholders	<p>Regular feedback is actively sought by the most appropriate media</p> <p>Processes are reviewed and adapted where appropriate to ensure the effective delivery of communication to all stakeholders</p>
Look for efficiencies in delivering communications through greater use of technology and partnership working	<p>Appropriate media is used for all stakeholders while balancing cost efficiency</p> <p>Reduction in costs on printing through larger print runs covering both authorities</p> <p>Reduction in postage costs</p> <p>All processes that support the</p>	<p>Compare previous communication costs (postage, print and design) with new costs and seek continual improvements.</p> <p>Year on year comparisons.</p> <p>Continual review of processes and communications.</p>

	<p>communication delivery are efficient</p> <p>More efficient communications through sharing of knowledge, resources and practice through regional communication working parties</p>	Year or year comparisons of cost and quality
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Methods of Communication and Key Messages/Objectives for Stakeholders

The Funds aim to use the most appropriate method of communication when dealing with stakeholders. This may involve more than one communication method. We have recently obtained two new and improved ways of communicating with our stakeholders:

The Pensions Website

In 2012 the LGSS Pensions Service implemented a new website:

- <http://pensions.cambridgeshire.gov.uk>
- <http://pensions.northamptonshire.gov.uk>

Both domain names lead to the same site, which has joint Fund branding ensuring the identity of each Fund is respected.

Whilst the Funds aim to use the most appropriate communication medium for the audience receiving the information we hope that our website will be the first port of call for all stakeholders where appropriate. For the immediate future the Funds will continue to use paper based communications as our main means of communicating with our stakeholders, for example by sending letters and paper copies of Newsletters and Annual Benefit Statements. However, we are committed to using technology to enhance our service and reduce costs, where appropriate, and will therefore continue to explore and develop the use of electronic communications through our website, emails and Self Service.

Self Service

Member and Employer Self Service is an internet based application that allows the individual access to information held by the Pensions Service.

Employer Self Service has been implemented and employers are now able to update their member's records and carry out benefit calculations.

Access to Member Self Service has been offered to the active membership of each Fund. It gives the individual controlled access to their own details, allowing them to update their personal information and carry out benefit calculations.

One of the many benefits of self service for both scheme employers and scheme members is the increased communication and engagement it allows – whilst in its infancy now this is an avenue we will be exploring more thoroughly in the future.

Table Showing our Methods of Communication and Key Message/Objective for Stakeholders

The table below shows the Funds main methods of communicating with the different stakeholder groups, other than the 'usual' day to day communications, plus the key messages and objectives we hope to achieve:

Stakeholder	Communication	Key message/Objective
Active Scheme members	Annual Newsletter Annual Benefit Statements Calculations and costings (e.g. estimates) 'Short guide to LGPS'	Key Messages: <ul style="list-style-type: none">• Your pension is a valuable benefit• You need to make sure you're saving enough for retirement Objectives:

	<p>'Full guide to LGPS'</p> <p>Website (in particular 'Latest News' page)</p> <p>Member Self Service</p> <p>External training sessions as requested by employer</p> <p>LGSS Welcome Events</p> <p>LGSS training events</p> <p>Roadshows</p>	<ul style="list-style-type: none"> • To improve understanding of how the LGPS works • To inform scheme members of their rights and benefits • For queries and complaints to be reduced • To make pensions information more readily available
Scheme employers	<p>Pension Bulletins</p> <p>Ad hoc email alerts</p> <p>Biannual forums</p> <p>Website (in particular 'Latest News' page)</p> <p>Seminars/workshops</p> <p>Bespoke ad hoc training sessions</p> <p>Welcome/Joiner information</p>	<p>Key Messages:</p> <ul style="list-style-type: none"> • You need to be aware of your responsibilities regarding the LGPS • The Fund is a valuable benefit for scheme members and is a good tool for retention of staff <p>Objectives:</p> <ul style="list-style-type: none"> • To increase understanding of how the Fund works and the effects on scheme members of any legislation changes • To improve relationships • Continue to improve the accuracy of data being provided to us • To make pensions information more readily available
Prospective Scheme members	Information on website	Key Messages:

And Opt-Outs	Scheme Information Leaflets LGSS Welcome Event LGSS training events	<ul style="list-style-type: none"> • The pension benefits are a valuable part of your reward package • The LGPS is still one of the best pension arrangements available <p>Objectives:</p> <ul style="list-style-type: none"> • To improve take up of the LGPS • To decrease opt out rate and increase understanding of contribution flexibility i.e. 50/50 option • To increase understanding of how the Scheme works and what benefits are provided • To make pensions information more readily available
Deferred Scheme members	Annual Benefit Statements Calculations and costings (e.g. estimates) Scheme Information Leaflets Retirement Packs Website	<p>Key Messages:</p> <ul style="list-style-type: none"> • It is important to keep in touch with the LGSS Pensions Service e.g. provide us with address changes • The LGPS is still a valuable part of your retirement package <p>Objective:</p> <ul style="list-style-type: none"> • To improve understanding of how the LGPS works • To make pensions information more readily available
Retired/Dependant	Annual Newsletter	Key Messages:

Scheme members	<p>Payslips (when criteria is met)</p> <p>P60</p> <p>Lifetime Allowance</p> <p>Calculations and costings (e.g. estimates)</p>	<ul style="list-style-type: none"> • It is important to keep in touch with the LGSS Pensions Service e.g. provide us with address changes • The LGPS is still a valuable part of your retirement package <p>Objectives:</p> <ul style="list-style-type: none"> • To improve understanding of how the LGPS works • To make pensions information more readily available
Fund staff	<p>Monthly service meetings</p> <p>Team meetings</p> <p>Ad hoc meetings</p> <p>Consultations</p> <p>1:1 / Appraisals</p> <p>Training & Development</p>	<p>Objectives:</p> <ul style="list-style-type: none"> • To ensure staff are kept up to date with important information regarding the Service, the Employing Authority and the wider world of pensions as a whole • For staff to feel a fully integrated member of the team • For management to feedback to staff regarding their individual progress • To give staff a chance to feedback their views and suggestions
Pension Fund Boards and Investment Sub Committees	<p>Committee Papers</p> <p>Presentations</p> <p>Consultations</p> <p>Agendas</p> <p>Minutes</p>	<p>Objectives:</p> <ul style="list-style-type: none"> • To update on the implementation of a policy • To monitor success against the agreed measures

External authorities <ul style="list-style-type: none"> • Trade Unions • Her Majesty's Revenue & Customs (HMRC) • Department for Communities and Local Government (DCLG) • Pensions Regulator • Audit Commission 	<p>Response to enquiries and consultations.</p> <p>Response to changes in legislation.</p>	<p>Objectives:</p> <ul style="list-style-type: none"> • To response to enquiries/statutory requirements.
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Communication Timetable

MONTH	ACTIVITY							
	Active Scheme members	Scheme employers	Prospective Scheme members	Opt - outs	Deferred Scheme members	Retired Scheme members	Dependant Scheme members	Fund staff
JAN								Monthly team meeting Service meeting
FEB								Monthly team meeting Service meeting
MAR						Newsletter incorporating Pensions Increase notification, plus pay dates and other relevant information to be sent out with payslip.	Newsletter incorporating Pensions Increase notification, plus pay dates and other relevant information to be sent out with payslip.	Monthly team meeting Service meeting
APR						Payslip	Payslip	Monthly team meeting

								Service meeting
MAY					Annual Benefit Statements - LGPS & Councillors	LTA% on payslip.	LTA% on payslip.	Monthly team meeting Service meeting
JUN	Fire Annual Benefit Statements*							Monthly team meeting Service meeting
JUL	Police Annual Benefit Statements*							Monthly team meeting Service meeting
AUG	Annual Benefit Statements - LGPS and Councillors							Monthly team meeting Service meeting
SEPT	Newsletters							Monthly team meeting Service meeting
OCT								Monthly team meeting Service meeting

NOV								Monthly team meeting Service meeting
DEC	Annual reports & accounts	Annual reports & accounts	Annual reports & accounts	Annual reports & accounts	Annual reports & accounts	Annual reports & accounts	Annual reports & accounts	Annual reports & accounts Monthly team meeting Service meeting
Ad hoc Comms	LGSS Training Days Website	Procedures training – road shows. Pension Bulletins Website Valuation Report (every 3 yrs)	LGSS Welcome Events Posters Website	Website	Website	Website	Annual review of entitlement – May/June. Website	Regional Pension Officer Groups Website Pension Managers Annual Conference Pension Committee Valuation Report (every 3 yrs) CLASS User Group/AGM

* Must be an active scheme member as at 31st March in the financial year that the statement relates.

3. Further information

If you have any enquiries in relation to this Communications Strategy please do not hesitate to contact us.

LGSS Pensions Service
Northamptonshire County Council
PO Box 202
John Dryden House
8-10 The Lakes
Northampton
NN4 7YD

01604 366537

pensions@northamptonshire.gov.uk

<http://pensions.northamptonshire.gov.uk>

<http://pensions.cambridgeshire.gov.uk>

**CAMBRIDGESHIRE PENSION FUND &
NORTHAMPTONSHIRE PENSION FUND**

JOINT COMMUNICATION STRATEGY

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1. Introduction

This is the joint Communications Strategy for the Cambridgeshire Local Government Pension Fund and the Northamptonshire Local Government Pension Fund managed by Cambridgeshire County Council and Northamptonshire County Council respectively (the Administering Authorities). The administration of these Funds is carried out by the LGSS Pensions Service, which incorporates administration for both the Cambridgeshire Pension Fund and the Northamptonshire Pension Fund.

Together the Funds have around 600 employers with contributing members and a total membership of over 140,000 scheme members. These members are split into the following categories and with the following approximate numbers of members in each category:

Category	Cambridgeshire Pension Fund	Northamptonshire Pension Fund
Active scheme members	26,939	20,576
Deferred scheme members	33,043	26,865
Pensioner members	17,203	15,398

This document outlines our strategic approach to communications and is effective from 1 April 2017. It will be reviewed annually to ensure the key objectives remain relevant.

2. Communication Strategy

Regulatory framework

This Statement has been produced in accordance with Regulation 61 of the Local Government Pension Scheme Regulations 2013. The Regulation requires Administering Authorities to:

- Prepare, maintain and publish a written Statement setting out their policy concerning communications with:
 - Scheme members (active, deferred, retired and dependant)
 - representatives of scheme members
 - prospective scheme members
 - scheme employers
- Set out their policy on:
 - the provision of information and publicity about the Scheme
 - the format, frequency and method of distributing such information or publicity
 - the promotion of the Scheme to prospective scheme members and their employers.
- Keep the Statement under review and make such revisions as are appropriate following a material change in the policy on any of the matters included. If revisions are made, a revised statement must be published.

Key objectives

The communications of Cambridgeshire Pension Fund and Northamptonshire Pension Fund will be delivered in line with these objectives. We aim to:

- Objective 12. Promote the Scheme as a valuable benefit
- Objective 13. Deliver consistent plain English communications to Stakeholders
- Objective 14. Provide Scheme members with up to date information about the Scheme in order that they can make informed decisions about their benefits.

Measurements are in place to determine if these objectives are being met – see ‘Implementation of Communication Key Objectives’.

Stakeholders of the Fund

There are several categories of stakeholder as detailed below.

- Active Scheme members
- Prospective Scheme members
- Deferred Scheme members
- Retired and Dependant Scheme members
- Scheme Employers
- Fund staff
- Pension Fund Committee
- External bodies
 - Trades Unions
 - Her Majesty’s Revenue & Customs (HMRC)
 - Department for Communities and Local Government (DCLG)
 - The Pensions Regulator
 - National Fraud Initiative
 - Audit Commission

Brand Identity

The Funds recognise that our visual identification is one of our most powerful assets. It tells people who we are and influences how they remember and relate to us. Our branding increases our reputation whilst uniting us visually. When branding our communications it is important that:

- We have individual Fund identities that are distinct from each other and the County Council/LGSS identities.
- The look and feel of a communication should be identical where possible, but with separate Fund branding – e.g. newsletters should be identical where possible but would clearly display separate Fund branding on the front cover and only refer to the relevant Fund throughout the text.
- If it is unreasonable to produce different materials (e.g. cost difference, logistical challenges, etc) a joint brand is to be considered.
- Both Pension Fund Boards will be required to sign off high-level branding decisions.
- The brand will need to be adaptable to other funds that may become part of LGSS in the future

Confidentiality

The fund is registered under the Data Protection Act 1998 as part of Cambridgeshire County Council and Northamptonshire County Council. Information will be shared between Cambridgeshire County Council and Northamptonshire County Council for the purposes of pensions administration. Information regarding scheme members and organisations is treated with respect by all our staff.

Disclosure

Each Fund may, if it chooses, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund, for example, the Fund's AVC providers.

Equality

Our communications are tailored to the individual needs of our stakeholders. We will make every effort to provide communications to our stakeholders in their preferred language or format on request.

Freedom of information

This Communications Strategy identifies the classes of information that each Fund publishes or intends to publish in compliance with the Freedom of Information Act. Anyone has a right under the Freedom of Information Act to request any information held by the Fund which is not already made available. Requests should be made in writing to the Head of Pensions at the address at the end of this document.

A fee may be charged and the Funds reserves the right to refuse a request if the cost of providing the information is disproportionately high; if following prompting the request is unclear; and when the requests are vexatious or repeated.

Implementation of Communication Key Objectives

This table sets out the implementation of the delivery of the Funds key communication objectives.

The agreed objectives with measures for success that form the 'Communication Strategy' are:

Objective	Measures of success	Review process
Promote the Scheme as a valuable benefit	<p>Reduction in number of members opting out of the Scheme</p> <p>Positive feedback from all stakeholders</p> <p>All communications promote the scheme as a valuable benefit in a way that it understood by the audience</p>	<p>Monitor opt out rates annually.</p> <p>Surveys and polls on websites.</p> <p>Review scheme communications for effectiveness. Online rating of document usefulness. Obtain Plain English Accreditation.</p>
Provide Scheme members with up to date information about the Scheme in order that they can make informed decisions about their benefits.	<p>Communication includes information and changes to the scheme that supports all stakeholder understanding</p> <p>Communication is delivered via the most appropriate media to the audience with a focus on electronic communication where possible</p> <p>Effective promotion of new media or change of processes to all stakeholders</p>	<p>Surveys and polls (on websites and by email/post). Focus groups.</p> <p>Surveys and polls on websites. Focus groups. Monitor hits on website. Record and review method of communication used. Use appropriate media to convey relevant messages.</p> <p>Surveys and polls on websites. Focus groups. Monitor incoming telephone call and email volumes.</p>

	Feedback from all stakeholders that they have understood the communication enough to make an informed decision	
Deliver consistent plain English communications to Stakeholders	<p>Effective and timely communications to be sent to all stakeholders in clear language that is understood and relevant</p> <p>Feedback from all audiences on the quality and language used in the communication sent.</p> <p>Feedback on the simplicity, relevance and impact of the communication sent.</p>	<p>Monitor enquiries from Stakeholders following key events and communications. (Reduced enquiries mean effective delivery).</p> <p>Surveys and polls on websites. Focus groups.</p> <p>Surveys and polls on websites. Focus groups.</p> <p>Submit all standard communications for plain English assessment with the aim of achieving Plain English accreditation.</p>

Methods of Communication and Key Messages/Objectives for Stakeholders

The Funds aim to use the most appropriate method of communication when dealing with stakeholders. This may involve more than one communication method. We have recently obtained two new and improved ways of communicating with our stakeholders:

The Pensions Website

In 2012 the LGSS Pensions Service implemented a new website:

- <http://pensions.cambridgeshire.gov.uk>
- <http://pensions.northamptonshire.gov.uk>

Both domain names lead to the same site, which has joint Fund branding ensuring the identity of each Fund is respected.

Whilst the Funds aim to use the most appropriate communication medium for the audience receiving the information we hope that our website will be the first port of call for all stakeholders where appropriate. The Funds are committed to using technology to enhance our service and reduce costs, where appropriate, and have already switched to electronic communication as our primary means of contact for a number of stakeholders and will continue to explore and develop further use of electronic communications through our website, emails, webinars and self service.

Self Service

Member and Employer Self Service is an internet based application that allows the individual access to information held by the Pensions Service.

Employer Self Service has been implemented and employers are now able to update their member's records and carry out benefit calculations. This is now the primary method through which we accept updates to membership, from small and medium sized employers.

Access to Member Self Service has been offered to the active membership of each Fund. It gives the individual controlled access to their own details, allowing them to update their personal information and carry out benefit calculations.

One of the many benefits of self service for both scheme employers and scheme members is the increased communication and engagement it allows. Active members now receive their annual benefit statements through self service. This will be rolled out to deferred members from August 2017. Members are also encouraged to use self-service, in the first instance, to obtain estimates of their retirement benefits, unless they intend to retire in the next 12 months.

Table Showing our Methods of Communication and Key Message/Objective for Stakeholders

The table below shows the Funds main methods of communicating with the different stakeholder groups, other than the 'usual' day to day communications, plus the key messages and objectives we hope to achieve:

Stakeholder	Communication	Key message/Objective
Active Scheme members	Annual Newsletter (Electronic) Annual Benefit Statements (Electronic) Calculations and costings (e.g. estimates) 'Short guide to LGPS' 'Full guide to LGPS' Website (in particular 'Latest News' page) Member Self Service External training sessions as requested by employer Roadshows Direct Mailings	Key Messages: <ul style="list-style-type: none"> • Your pension is a valuable benefit • You need to make sure you're saving enough for retirement Objectives: <ul style="list-style-type: none"> • To improve understanding of how the LGPS works • To inform scheme members of their rights and benefits • For queries and complaints to be reduced • To make pensions information more readily available
Scheme employers	Quarterly Newsletters Pension Bulletins Ad hoc email alerts Biannual forums Website (in particular 'Latest News' page) Webinars/workshops	Key Messages: <ul style="list-style-type: none"> • You need to be aware of your responsibilities regarding the LGPS • The Fund is a valuable benefit for scheme members and is a good tool for retention of staff Objectives:

	<p>Bespoke/targeted ad hoc training sessions</p> <p>Induction Packs</p> <p>Fact Sheets</p>	<ul style="list-style-type: none"> • To increase understanding of how the Fund works and the effects on scheme members of any legislation changes • To improve relationships • Continue to improve the accuracy of data being provided to us • To make pensions information more readily available
<p>Prospective Scheme members And Opt-Outs</p>	<p>Information on website</p> <p>Scheme Information Leaflets</p> <p>Promotional material distributed through employers</p>	<p>Key Messages:</p> <ul style="list-style-type: none"> • The pension benefits are a valuable part of your reward package • The LGPS is still one of the best pension arrangements available <p>Objectives:</p> <ul style="list-style-type: none"> • To improve take up of the LGPS • To decrease opt out rate and increase understanding of contribution flexibility i.e. 50/50 option • To increase understanding of how the Scheme works and what benefits are provided • To make pensions information more readily available
<p>Deferred Scheme members</p>	<p>Annual Benefit Statements (Electronic)</p> <p>Annual Newsletter (Electronic)</p> <p>Calculations and costings (e.g. estimates)</p> <p>Scheme Information Leaflets</p>	<p>Key Messages:</p> <ul style="list-style-type: none"> • It is important to keep in touch with the LGSS Pensions Service e.g. provide us with address changes • The LGPS is still a valuable part of your retirement package <p>Objective:</p>

	Retirement Packs Website	<ul style="list-style-type: none"> To improve understanding of how the LGPS works To make pensions information more readily available
Retired/Dependant Scheme members	Annual Newsletter Payslips (when criteria is met) P60 Lifetime Allowance Calculations and costings (e.g. estimates)	<p>Key Messages:</p> <ul style="list-style-type: none"> It is important to keep in touch with the LGSS Pensions Service e.g. provide us with address changes The LGPS is still a valuable part of your retirement package <p>Objectives:</p> <ul style="list-style-type: none"> To improve understanding of how the LGPS works To make pensions information more readily available
Fund staff	Monthly service meetings Team meetings Ad hoc meetings Consultations 1:1 / Appraisals Training & Development	<p>Objectives:</p> <ul style="list-style-type: none"> To ensure staff are kept up to date with important information regarding the Service, the Employing Authority and the wider world of pensions as a whole For staff to feel a fully integrated member of the team For management to feedback to staff regarding their individual progress To give staff a chance to feedback their views and suggestions
Pension Fund Boards and Investment Sub Committees	Committee Papers Presentations Consultations Agendas	<p>Objectives:</p> <ul style="list-style-type: none"> To update on the implementation of a policy To monitor success against the agreed measures

	Minutes	
External authorities <ul style="list-style-type: none"> • Trade Unions • Her Majesty's Revenue & Customs (HMRC) • Department for Communities and Local Government (DCLG) • Pensions Regulator • Audit Commission 	<p>Response to enquiries and consultations.</p> <p>Response to changes in legislation.</p>	<p>Objectives:</p> <ul style="list-style-type: none"> • To response to enquiries/statutory requirements.

Communication Timetable 2017/18

MONTH	ACTIVITY						
	Active Scheme members	Scheme employers	Prospective Scheme members	Deferred Scheme members	Retired Scheme members	Dependant Scheme members	Fund staff
APR		Spring Employers Forum Employer Training	Scheme Promotion Fact Sheet and Poster		Payslip	Payslip	Monthly service meeting
MAY	Fire Newsletter Promotion of Member Self Service	Quarterly Newsletter		Promotion of Member Self Service and reminder about electronic ABS	Newsletter – All schemes		Monthly service meeting
JUN		Employer Training					Monthly service meeting

Jul	Promotion of Member Self Service			Promotion of Member Self Service and reminder about electronic ABS			Monthly service meeting
AUG	Annual Benefit Statements - LGPS and Councillors Fire Annual Benefit Statements* Newsletter – All schemes			Annual Benefit Statements - LGPS Newsletter			Monthly service meeting
SEPT		Quarterly Newsletter Employer Training	Scheme Promotion Factsheet and Poster				Monthly service meeting
OCT	Member Survey		Member Survey	Member Survey	Member Survey	Member Survey	Monthly service meeting
NOV		Winter Employers Forum					Monthly service meeting

		Employer Training					
DEC	Annual reports & accounts	Annual reports & accounts Quarterly Newsletter	Annual reports & accounts	Annual reports & accounts	Annual reports & accounts	Annual reports & accounts	Annual reports & accounts Monthly service meeting
Jan							Monthly service meeting
Feb		Employer Training	Scheme Promotion Newsletter				Monthly service meeting
Mar		Quarterly Newsletter			Newsletter – All Schemes		Monthly service meeting
Ad hoc Comms	Website	Training Workshops. Pension Bulletins	Posters Website	Website	Website	Annual review of entitlement – May/June. Website	Regional Pension Officer Groups Website

		Website Valuation Report (every 3 yrs)					Pension Managers Annual Conference Pension Committee Valuation Report (every 3 yrs) CLASS User Group/AGM
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* Must be an active scheme member as at 31st March in the financial year that the statement relates.

3. Further information

If you have any enquiries in relation to this Communications Strategy please do not hesitate to contact us.

LGSS Pensions Service
PO Box 202
John Dryden House
8-10 The Lakes
Northampton
NN4 7YD

01604 366537

pensions@northamptonshire.gov.uk

<http://pensions.northamptonshire.gov.uk>

<http://pensions.cambridgeshire.gov.uk>

**CAMBRIDGESHIRE PENSION
FUND**



Pension Committee

Date: 23 March 2017

Report by: Head of Pensions

Subject:	CIPFA Pensions Administration Benchmarking Club Report 2016
Purpose of the Report	To inform the Pension Committee of the results of the CIPFA Pensions Administration Benchmarking Club Report 2016
Recommendations	That the Pensions Committee notes the content of the report.
Enquiries to:	Jo Walton – Governance and Regulations Manager, LGSS Pensions Service Tel: 01604 367030 E-mail: jwalton@northamptonshire.gov.uk

1. Background

- 1.1 Cambridgeshire Pension Fund has participated in the CIPFA Pensions Administration Benchmarking Club in respect of the year ending 31 March 2016. The Benchmarking Club enables other participating LGPS administering authorities to measure and compare performance and associated costs.
- 1.2 The final report was issued on 30 November 2016, comparing performance with 43 other LGPS administering authorities, including Northamptonshire Pension Fund with whom LGSS Pensions operate joint administration with fully converged processes.
- 1.3 It should be noted that central government are aware that the results from the CIPFA Benchmarking report are not sufficiently robust as to be used in any analysis of the costs of running the LGPS by each participating administering authority. It is generally considered that the survey questions can be ambiguous allowing for potential skewing of true results to seek favourable result outcomes.
- 1.4 Participation in the benchmarking exercise is voluntary and over recent years has seen a significant decline of the number of administering authorities taking part to just under 50%.
- 1.5 It should also be noted that the costs submitted during the completion of this survey do not directly relate to that reported in the Fund's final statement of accounts.
- 1.6 The final report is attached in **appendix 1**.

2. Overview of the final report

- 2.1 The summary of results in section 1 (page 4) shows that staff costs, excluding payroll, are £8.61 per scheme member which is just above the club average of £8.58. The number of scheme members per full time equivalent member of staff is 5,125 compared with the club average of 4,025.
- 2.2 The summary in section 2 (page 5) indicates that the total net administration cost per member is £20.31 compared with the lower club average of £18.48. The net administration costs are a total of staff, payroll, overheads and direct costs. In 2015, the net cost was £19.44 per member compared with the club average of £19.17.
- 2.2.1 Section 2 of the results also provides a detailed analysis of the cost per member. The following table highlights the areas where the costs per member are higher than the club average. Results are given for 2015 and 2016.

Area/Function	Cambridgeshire Pension Fund (cost per member)		Club average (cost per member)	
	2015 (£)	2016 (£)	2015 (£)	2016 (£)
Payroll (including staff)	4.25	3.98	1.85	1.35
Other running costs	1.17	5.09	0.78	1.22
Staff (excluding payroll)	5.37	8.61	7.83	8.58

- 2.2.2 Payroll (including staff) costs per member has in this and previous years been higher than the club average due to the high license fee for the previous pension payroll system, Oracle. The pensioner payroll moved from Oracle to Altair on 1 October 2016 and so the cost of the payroll function should start to decrease in 2016-17.
- 2.2.3 Conversely, the following table highlights the areas where the costs per member are lower than the club average.

Area/Function	Cambridgeshire Pension Fund (cost per member)		Club average (cost per member)	
	2015 (£)	2016 (£)	2015 (£)	2016 (£)
Communications	0.60	0.46	0.78	0.70
IT Pensions Administration	2.09	0.36	2.32	2.26
Actuaries	2.40	0.54	1.14	0.91
Other central charges	1.87	0.72	1.60	1.27
Accommodation	0.63	0.55	0.65	0.60

- 2.3 Section 3 (page 13) details that the total number of joiners and leavers per '000 of active members is above average with 351 joiners and leavers compared with the club average of 296.

- 2.4 Section 4 (page 22) examines staff related measures. A high proportion of staff hold no relevant qualification, however since 2015 the number of staff in training for a qualification is above the club average.
- 2.5 Section 4 (page 25) also details that both the short and long term sickness absence continues to be below the club average at 2.5 full time equivalent days per member of staff compared with 6.5.
- 2.6 For section 5 (page 26), performance indicator data was provided for six out of the eight indicators. The results show that the administering authority's performance exceeded the club average in four areas. For the two areas in which the target performance was not met, namely the provision of estimates and transfer in quotations, the underperformance was within 3%.
- 2.7 Section 6 (page 27) shows a comparison of in-house administrators compared with outsourced administrators in terms of cost per member (including payroll costs). The details for Cambridgeshire Pension Fund compared with the outsourced average and the club average are as follows:

	Cambridgeshire Pension Fund (£)	Club average (£)	Outsourced average (£)
2015	19.44	19.17	21.06
2016	20.31	18.48	18.12

3. 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>

4. Finance & Resources Implications

- 4.1 Not applicable

5. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There is no risk associated with this report		Green

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

Risk	Risk Rating
This report does not contain a proposal	Red

6. Communication Implications

Website	The CIPFA Pensions Administration Benchmarking Club Report 2016 will be published on the LGSS Pensions website.
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7. Legal Implications

7.1 There are no legal implications connected to the contents of this report.

8. Consultation with Key Advisers

8.1 There has been no requirement to consult with advisers over the content of this report.

9. Alternative Options Considered

9.1 There are no alternative options to be considered.

10. Background Papers

10.1 Not applicable

11. Appendices

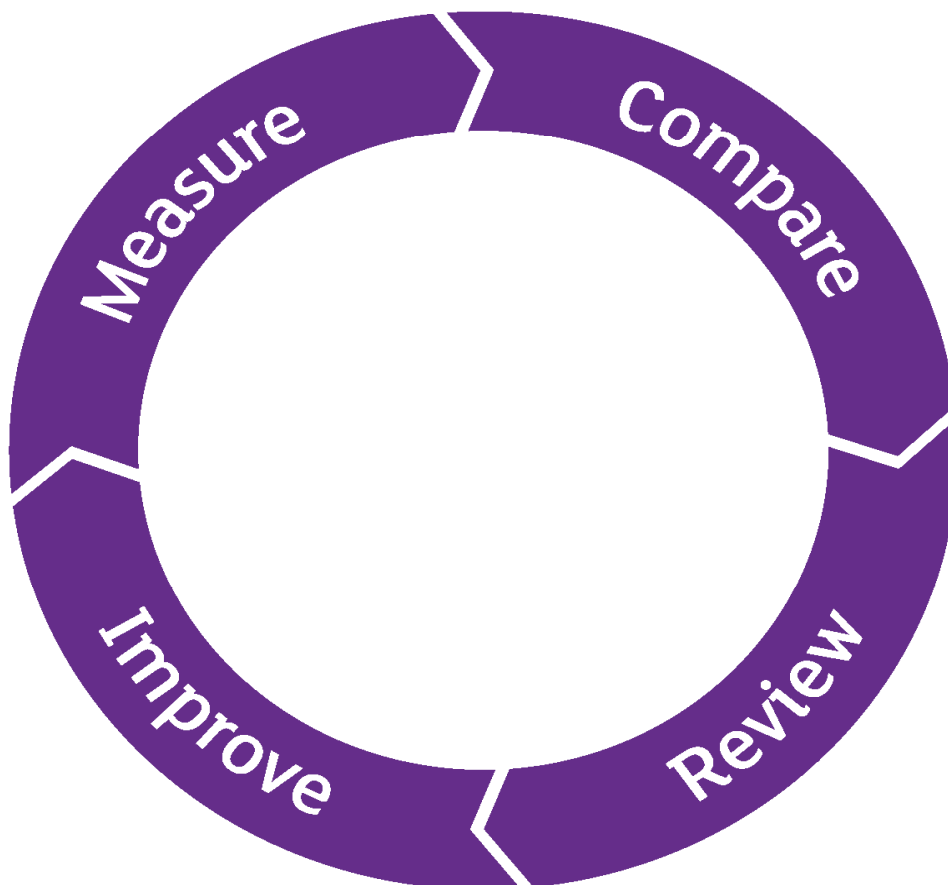
11.1 Appendix 1 - CIPFA Pensions Administration Benchmarking Club Report 2016

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?	No
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 6/3/2017
Has this report been cleared by Head of Pensions?	Mark Whitby – January 2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 6/3/2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 3/3/2017

Information Services

pensions administration benchmarking club

2015 - Cambridgeshire Final Report



PREFACE

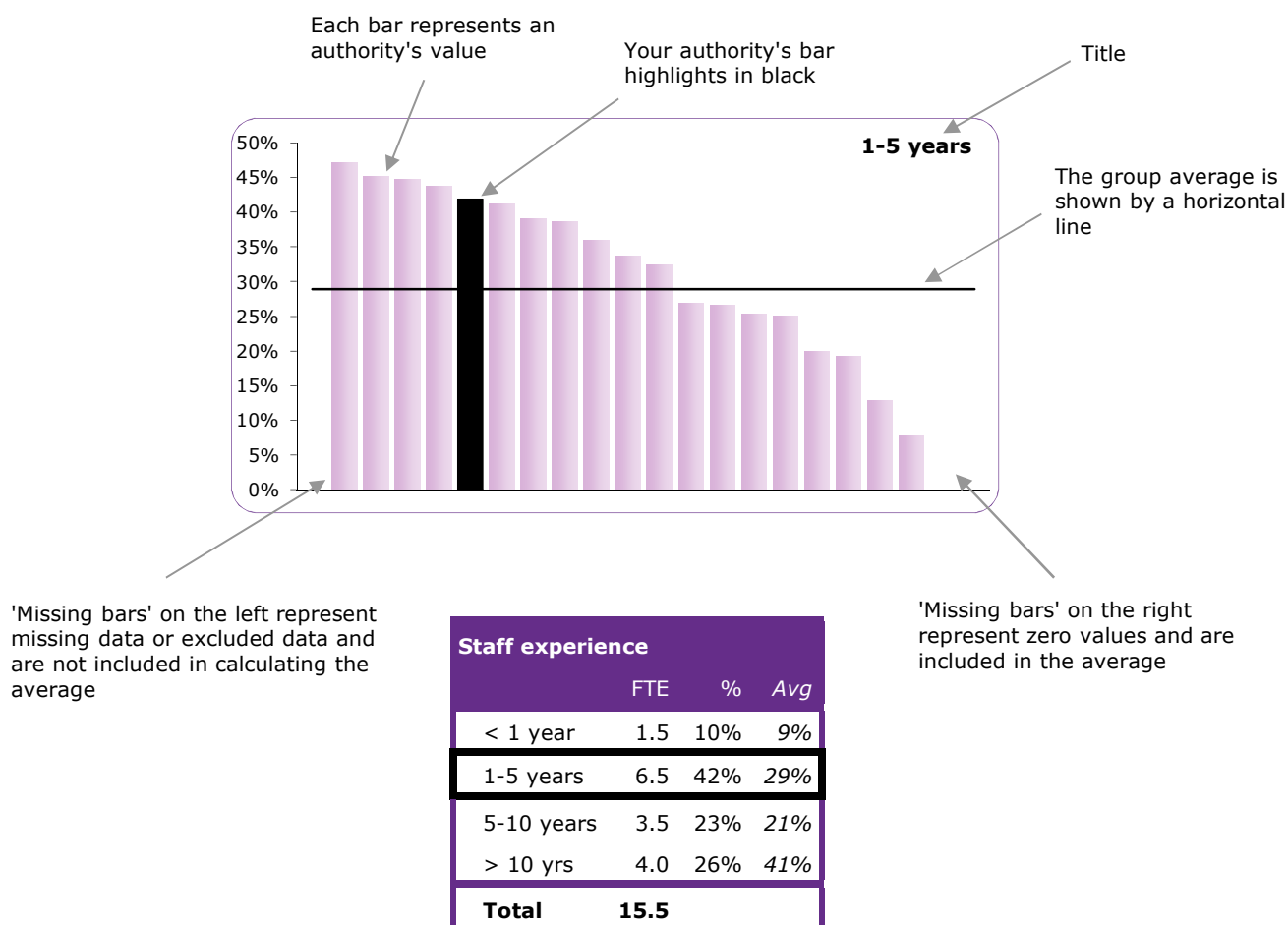
This report compares your data with the group of authorities specified on the title page.

Throughout the report your figures are shown in tables and in graphical form. If you are not familiar with our reports we hope this page will help you to better understand the way we present this data.

Averages: Almost all of our tables and charts compare your figure with a group average. The average is the unweighted mean value for the group. This average value ignores missing data, or data that we have excluded and for this reason sets of averages sometimes do not reconcile precisely.

Charts: We display a large amount of data on charts as this allows us to show the data for the entire group efficiently and gives far more information than a simple average (i.e. range of data, individual authority values etc.). Below we have annotated an example chart to help explain what they are showing.

Bar Charts: These are our standard method of displaying a full set of data



INTRODUCTION

This report compares your performance with the group of authorities specified on the title page. It is divided into the following sections.

	Page
1 Summary 2015	4
2 Cost Measures	5
3 Workload Measures	11
4 Staff Related Measures	20
5 Industry Standard Performance Indicators	24
6 Comparison by method of service delivery } <i>final reports</i>	25
7 Timeseries } <i>final reports only</i>	26

Section 1 - Summary 2015

This page provides a brief summary of the most salient aspects of the report.

Section 2 - Cost Measures

This section concentrates on cost/member ratios starting with total cost/member which is then broken down by staff costs, payroll costs, direct costs, overheads and income. Further analysis of direct costs and overheads is also provided in this section.

Section 3 - Workload Measures

The first measure of workload is the number of members in the scheme, which is shown along with a breakdown by class of membership. This is followed by an analysis of the number and type of LGPS employers.

Other workload measures include:

- Joiners and leavers with a full analysis of the various types of retirements
- Number of quotations provided and actual events processed
- AVCs, ARCs and Added years
- Appeals

Section 4 - Staff Related Measures

The measures included here are an analysis of staff numbers by pay band, sickness absence, pensions work experience, staff qualifications and staff turnover.

Section 5 - Industry Standard Performance Indicators

In this section we show how authorities perform against each of the LGPC performance indicators.

Section 6 - Comparison by Method of Service Delivery (final report only)

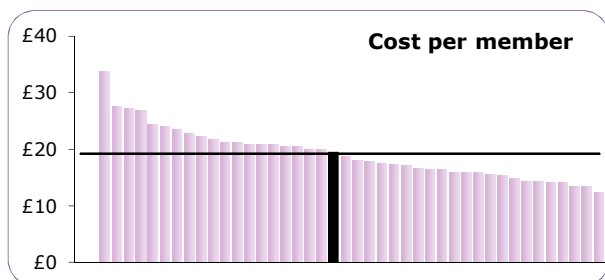
This shows members' costs and averages compared for in-house and externally managed pension schemes.

Section 7 -Timeseries (final report only)

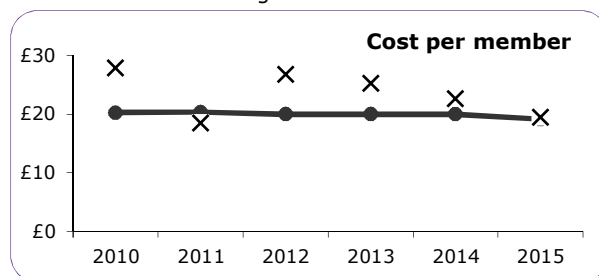
This shows the individual members' performance over time compared to the club average for cost per member, which is analysed over staff cost and other costs.

SECTION 1 - SUMMARY 2014/15

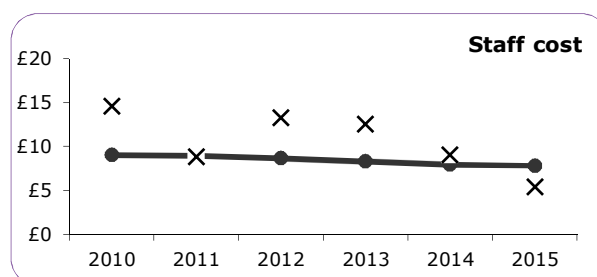
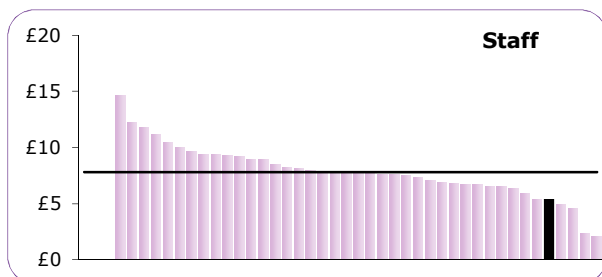
NET COST / MEMBER 2014/15



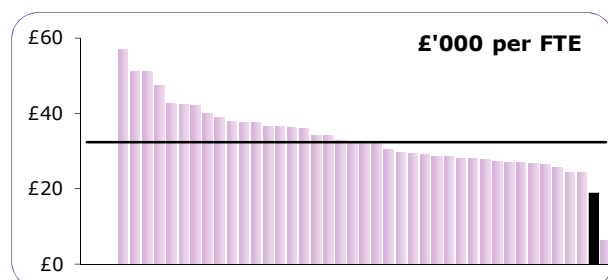
● Club average
X Cambridgeshire



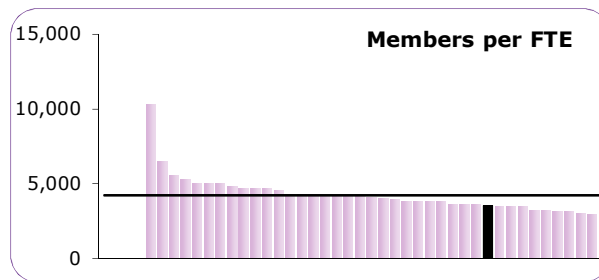
STAFF COST / MEMBER 2014/15



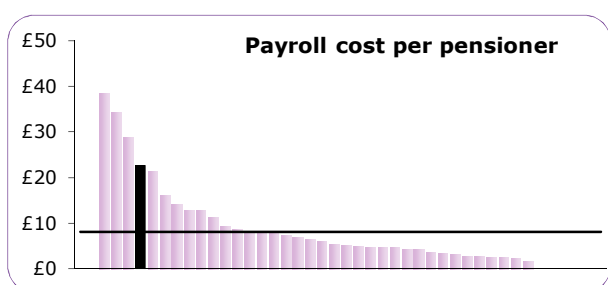
COST £'000 / FTE



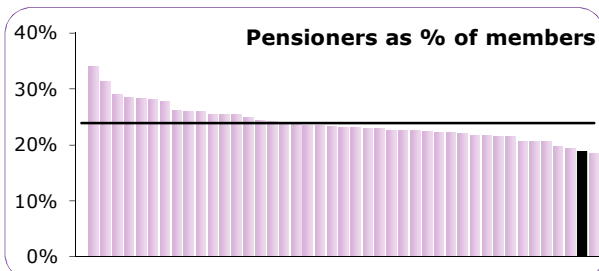
MEMBERS LGPS / ADMIN FTE



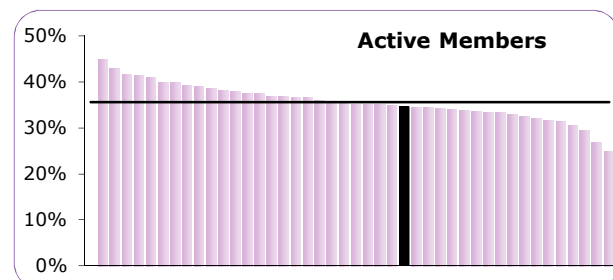
PAYROLL COST / PENSIONER



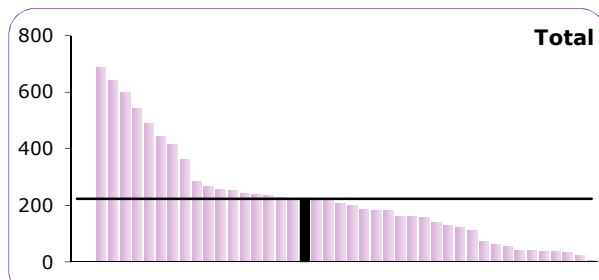
PENSIONERS AS A % MEMBERS



ACTIVES AS A % MEMBERS



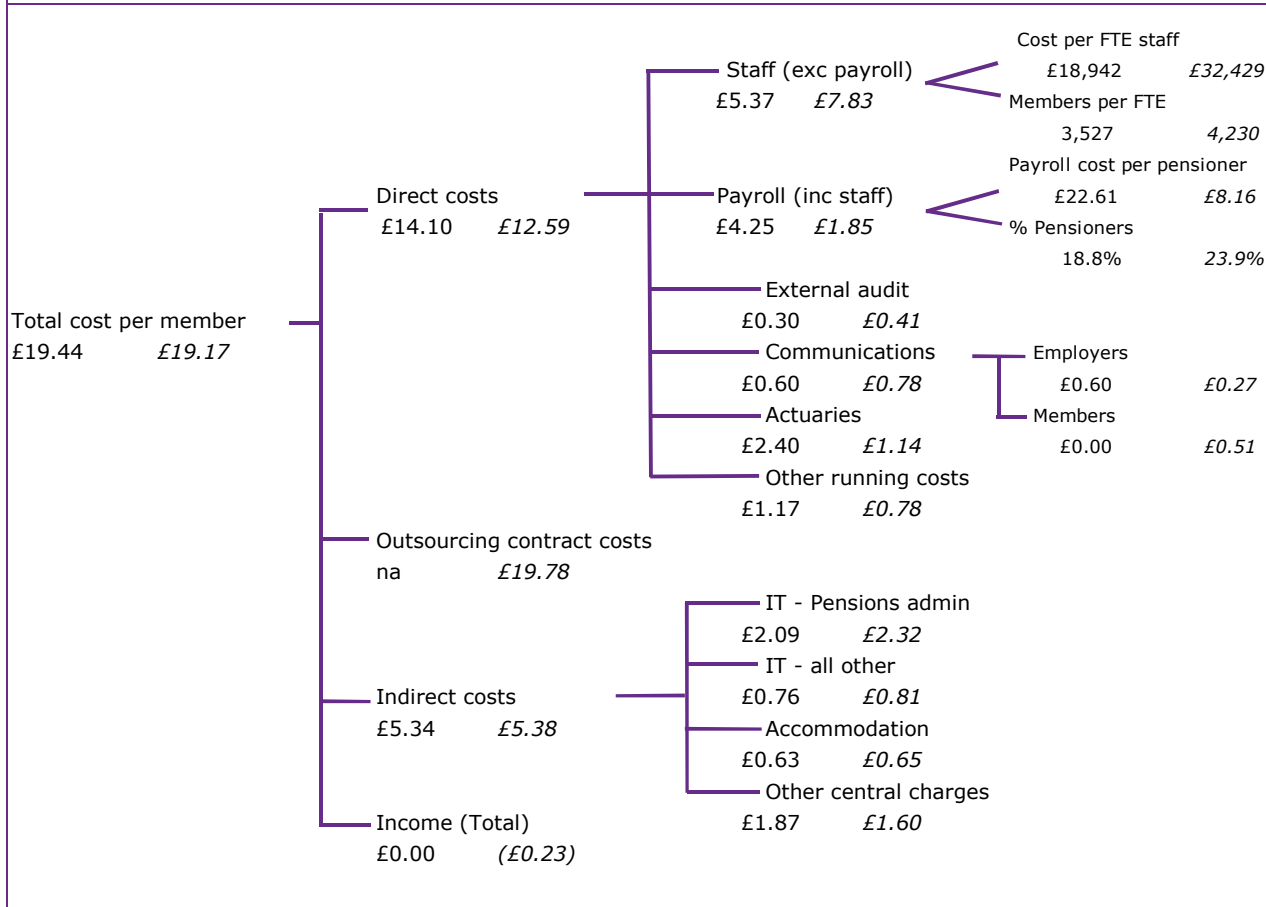
NUMBER OF LGPS EMPLOYERS



SECTION 2 - COST MEASURES

COST/MEMBER TREE 2014/15

This tree diagram analyses the cost per member. For each benchmark two figures are given the first being the authority's cost and the second (in *italics*) is the group average.



FTE staff	
Pension Section total	34.3
less	
IT staff	4.5
Payroll staff	2.0
Communications staff	0.5
Employing authority work	6.0
Work for other schemes	na
Other work	0.5
Admin of LGPS	20.8

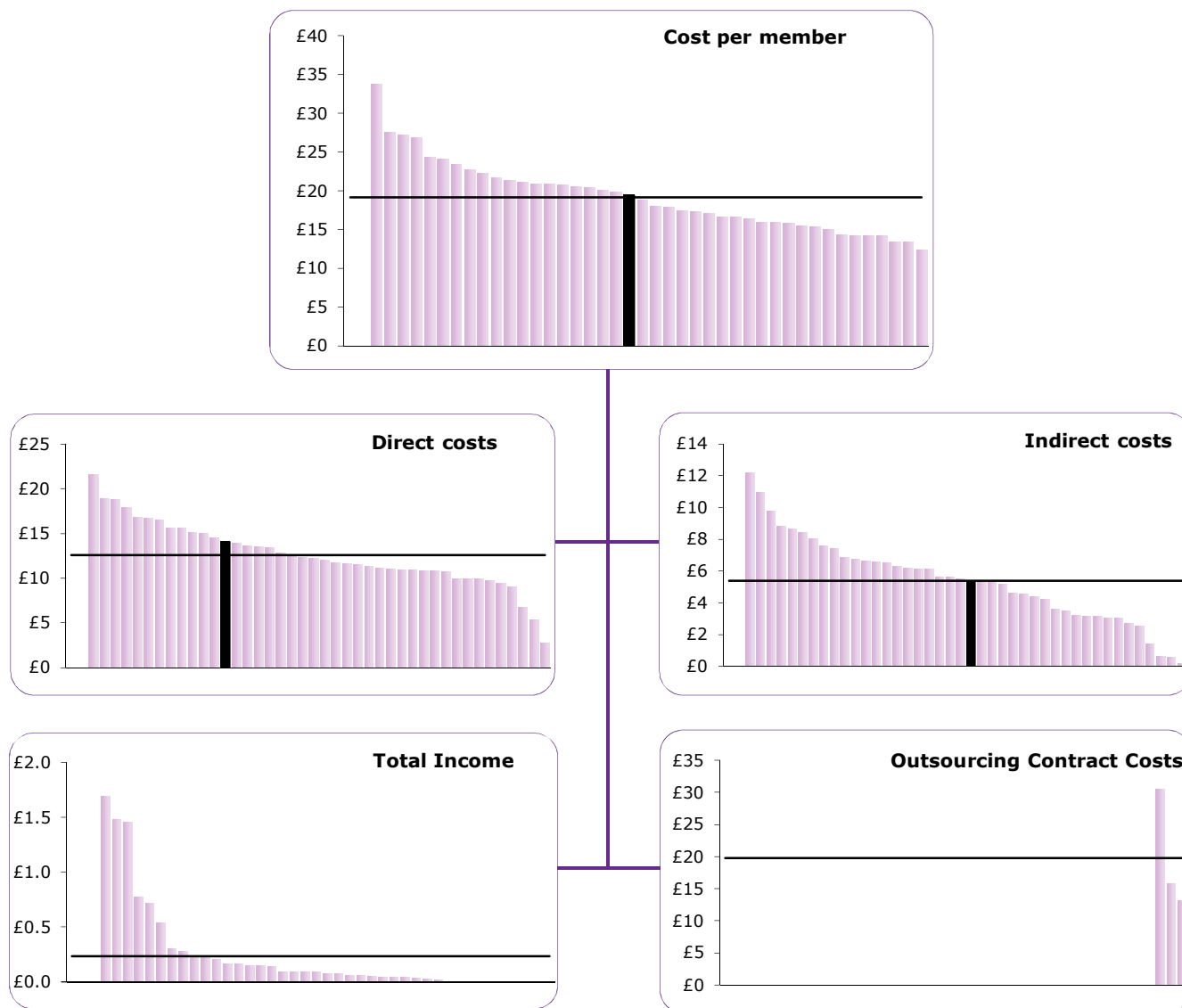
Net Costs £'000	
	£'000
Pension Section total	1,637
less	
Work for other schemes	105
Employing authority work	88
Other work	18
Admin of LGPS	1,426

Admin of LGPS costs	£'000	£ per member	Avg
Staff - administration	394	5.37	7.83
Staff - payroll	-	-	0.36
Payroll	312	4.25	1.49
Communications (Total)	44	0.60	0.78
Actuaries	176	2.40	1.14
External audit	22	0.30	0.41
Other running costs	86	1.17	0.78
Total Direct Costs	1,034	14.10	12.59
Outsourcing costs	-	na	19.78
IT - Pensions admin	153	2.09	2.32
IT - All other	56	0.76	0.81
Accommodation	46	0.63	0.65
Other central charges	137	1.87	1.60
Total Indirect Costs	392	5.34	5.38
Gross Cost	1,426	19.44	19.39
Income - Members	-	-	(0.06)
Income - Employers	-	-	(0.11)
Income - Other	-	-	(0.06)
Total Income	-	-	(0.23)
Net Cost	1,426	19.44	19.17

Total Scheme Membership 73,354

*Outsourcing Contract Costs average only includes those members who have outsourcing costs.

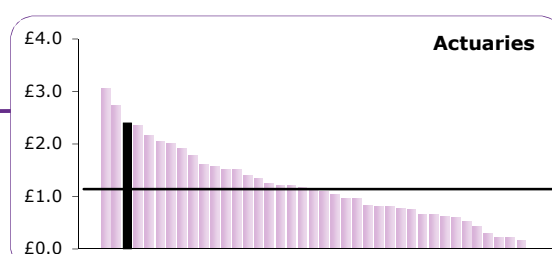
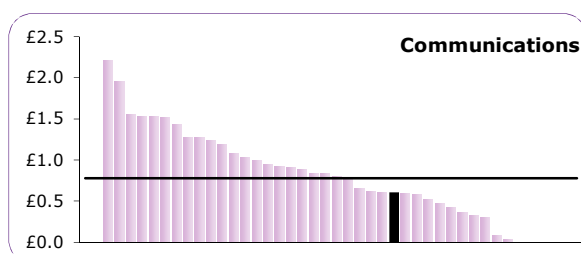
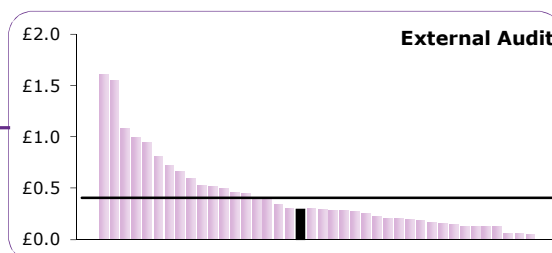
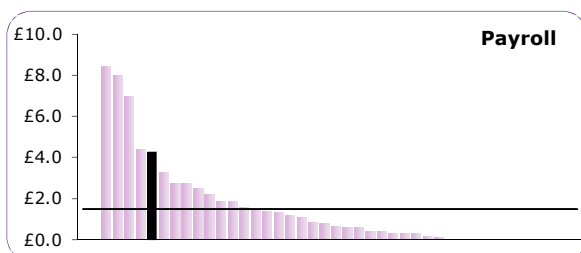
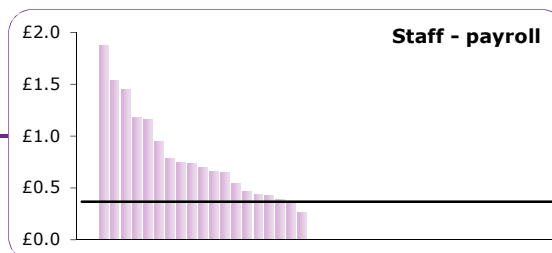
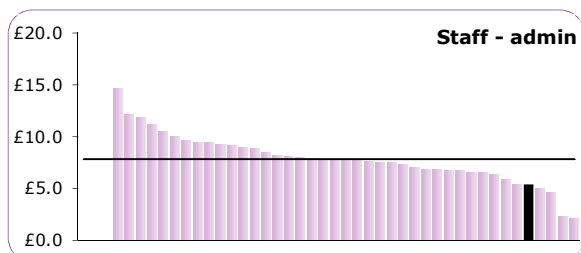
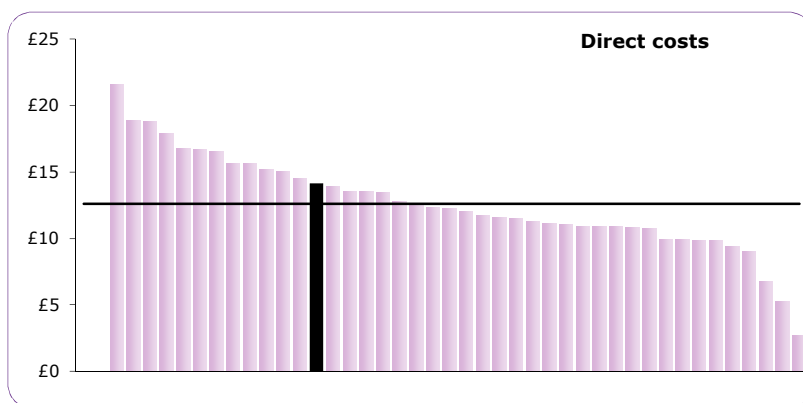
COST PER MEMBER 2014-15



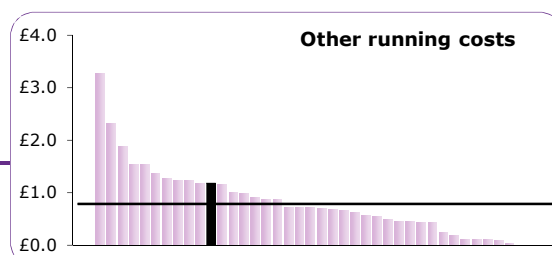
Admin of LGPS costs		£ per member	Avg
	£'000		
Total Direct Costs	1,034	14.10	12.59
Outsourcing costs	-	na	19.78
Total Indirect Costs	392	5.34	5.38
Total Income	-	-	(0.23)
Net Cost	1,426	19.44	19.17

Total Scheme Membership	73,354
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COSTS PER MEMBER - Direct costs 2014/15

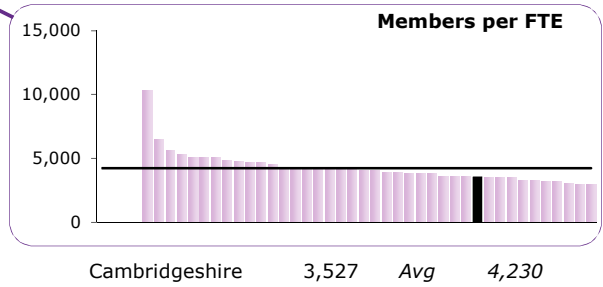
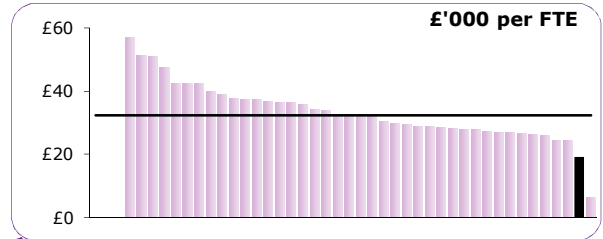
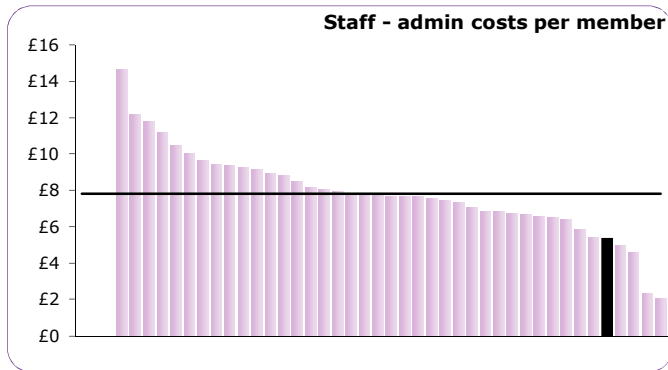


Direct costs	£'000	£ per member	Avg
Staff - admin	394	5.37	7.83
Staff - payroll	-	-	0.36
Payroll	312	4.25	1.49
External audit	22	0.30	0.41
Communications	44	0.60	0.78
Actuaries	176	2.40	1.14
Other running costs	86	1.17	0.78
Total	1,034	14.10	12.59

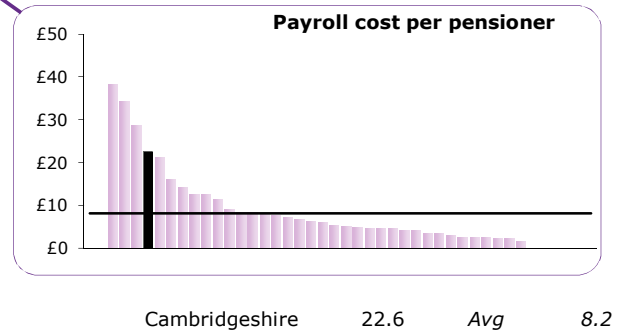
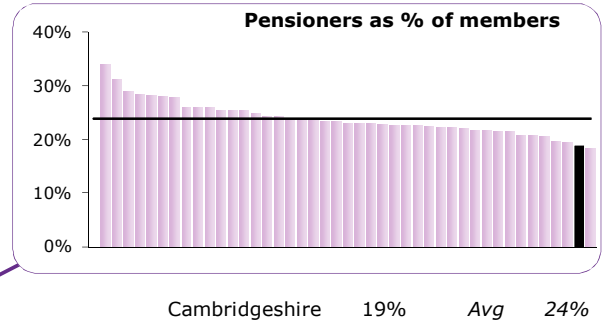
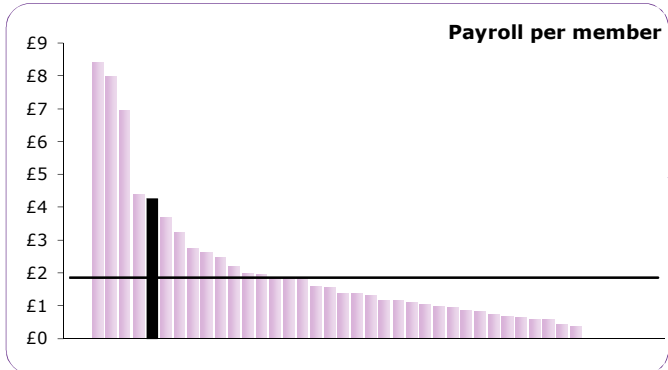


DIRECT COSTS PER MEMBER - Staff and Payroll costs 2014/15

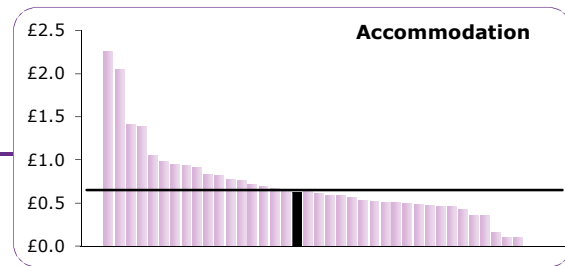
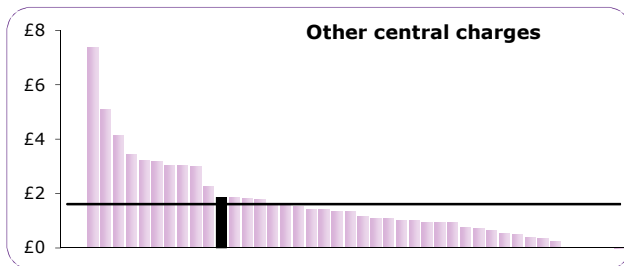
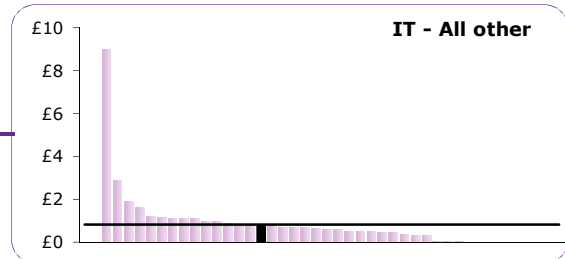
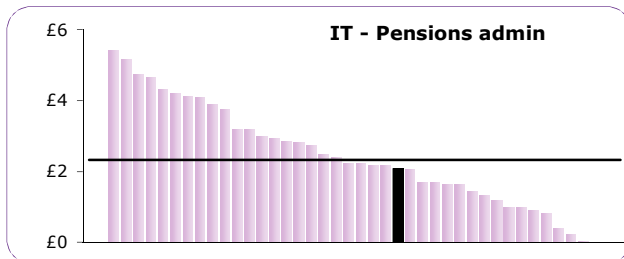
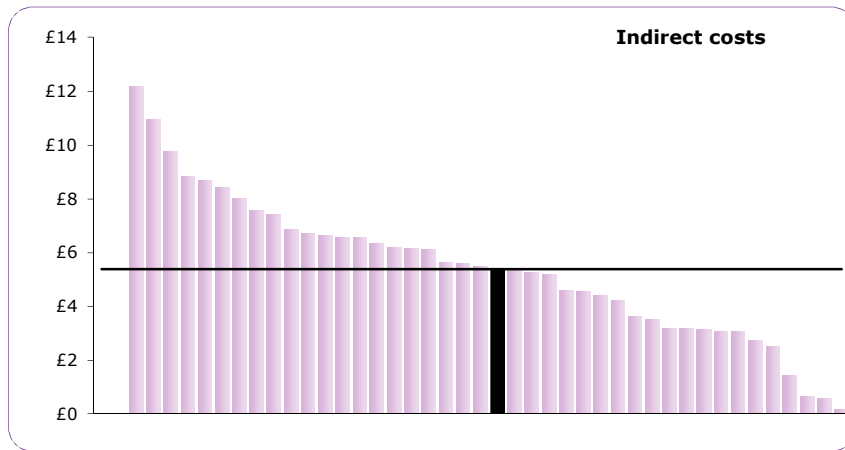
	£'000	£ per member	Avg
Staff - admin	394	5.37	7.83



	£'000	£ per member	Avg
Payroll (combined)	312	4.25	1.85

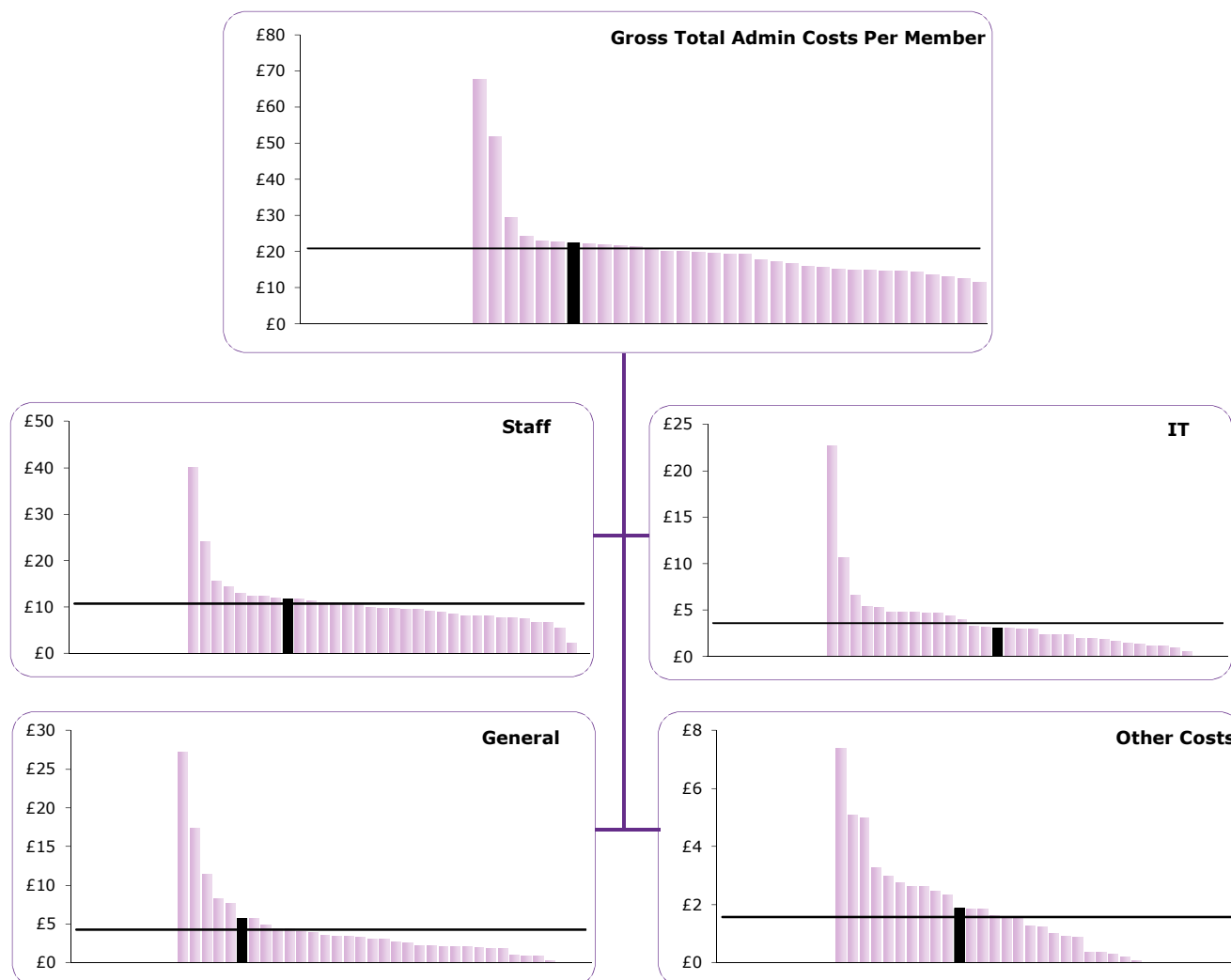


COSTS PER MEMBER - Indirect costs 2014/15



Indirect costs	£'000	£ per member	Avg
IT - Pensions admin	153	2.09	2.32
IT - All other	56	0.76	0.81
Accommodation	46	0.63	0.65
Other central charges	137	1.87	1.60
Total	392	5.34	5.38

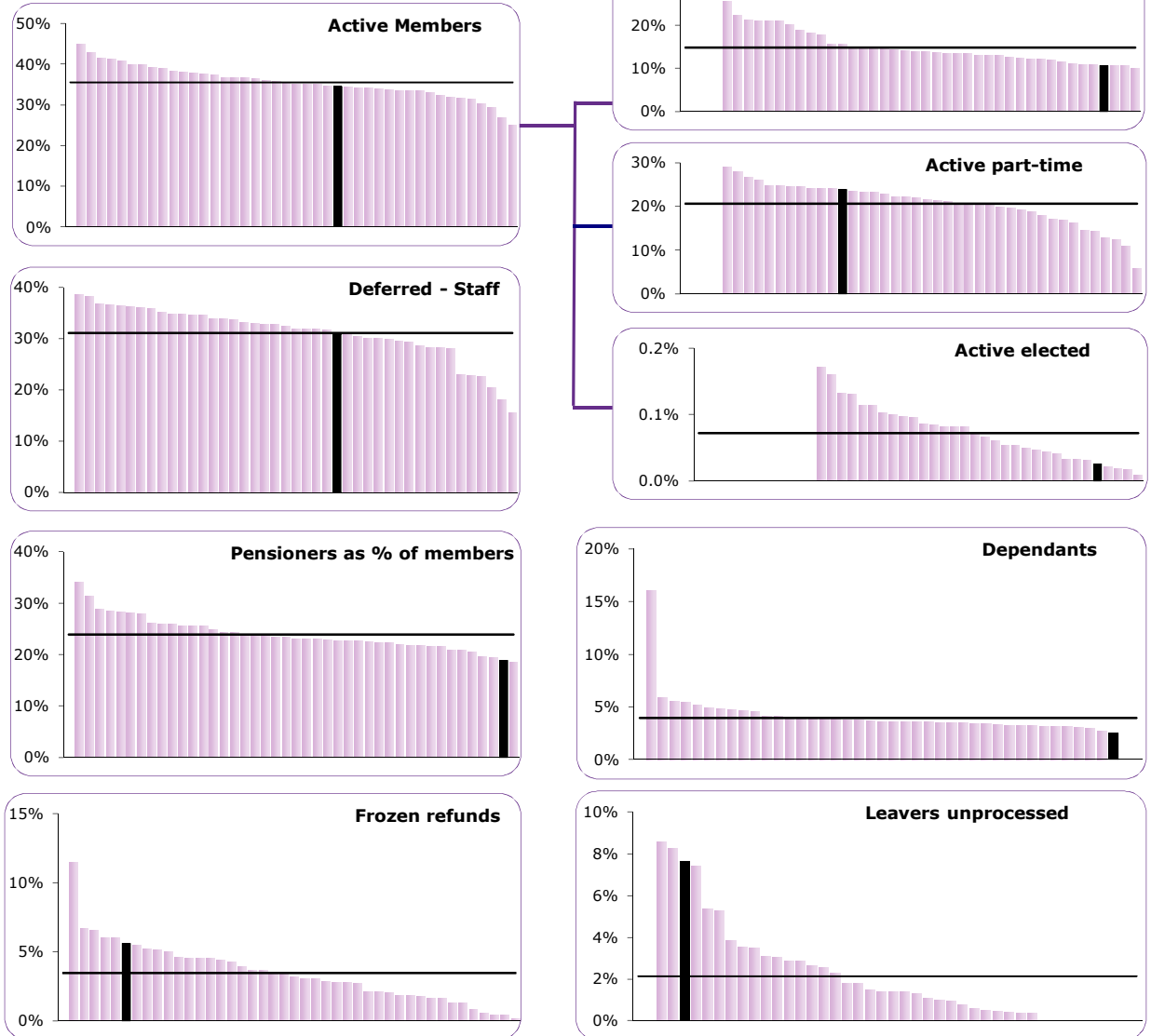
COSTS PER MEMBER - LGPS Administration Expenses Analysis 2014/15



LGPS Administration Expenses		£ per member	
	£'000		Avg
Staff Costs	857	11.68	10.71
IT Costs	225	3.07	3.59
General Costs	418	5.70	4.25
Other Costs	137	1.87	1.57
Gross LGPS Admin Exp.	1,637	22.32	20.84
Gross LGPS Income	-	-	0.44
Net LGPS Admin Exp.	1,637	22.32	23.87

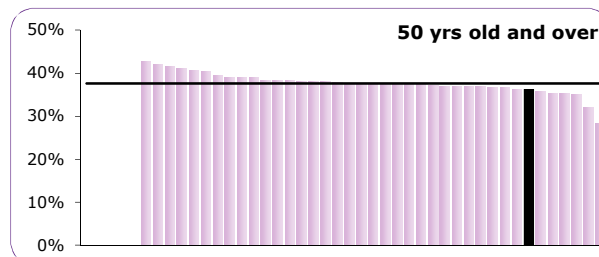
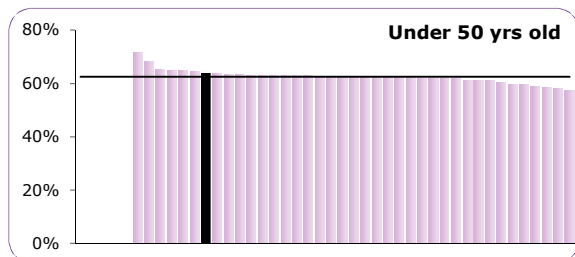
SECTION 3 - WORKLOAD MEASURES

COMPOSITION OF MEMBERS AS AT 31/3/2015



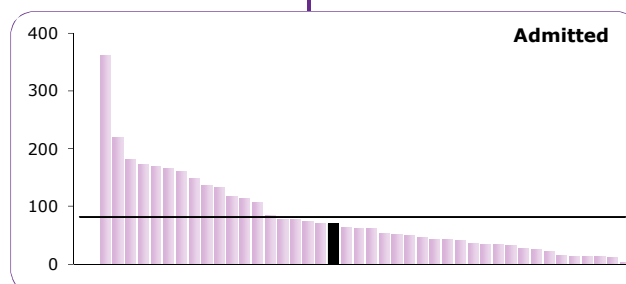
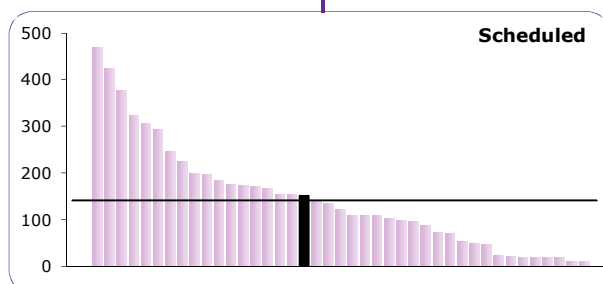
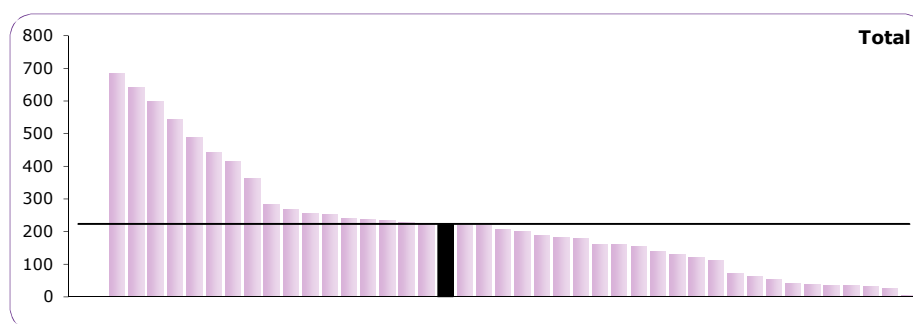
Composition of members				
	No.	%	Avg	Avg %
Active:				
- full-time	7,797	11%	15,569	14.8%
- part-time	17,529	24%	17,862	20.7%
- no. of elected Members	19	0.03%	52	0.07%
- sub-total	25,345	35%	33,067	35.5%
Deferred:				
- Staff	22,637	31%	27,618	31.1%
- Elected Members	6	0.0%	21	0.0%
Pensioners	13,800	19%	22,128	23.9%
Dependants	1,850	2.5%	3,629	3.9%
Frozen refunds	4,106	5.6%	2,848	3.4%
Leavers unprocessed	5,610	7.6%	1,805	2.1%
Total	73,354		91,115	

COMPOSITION OF MEMBERS AS AT 31/03/2015



Composition of active members			
	No.	%	Avg
Under 50 yrs old	16,182	64%	62%
50 yrs old and over	9,163	36%	38%

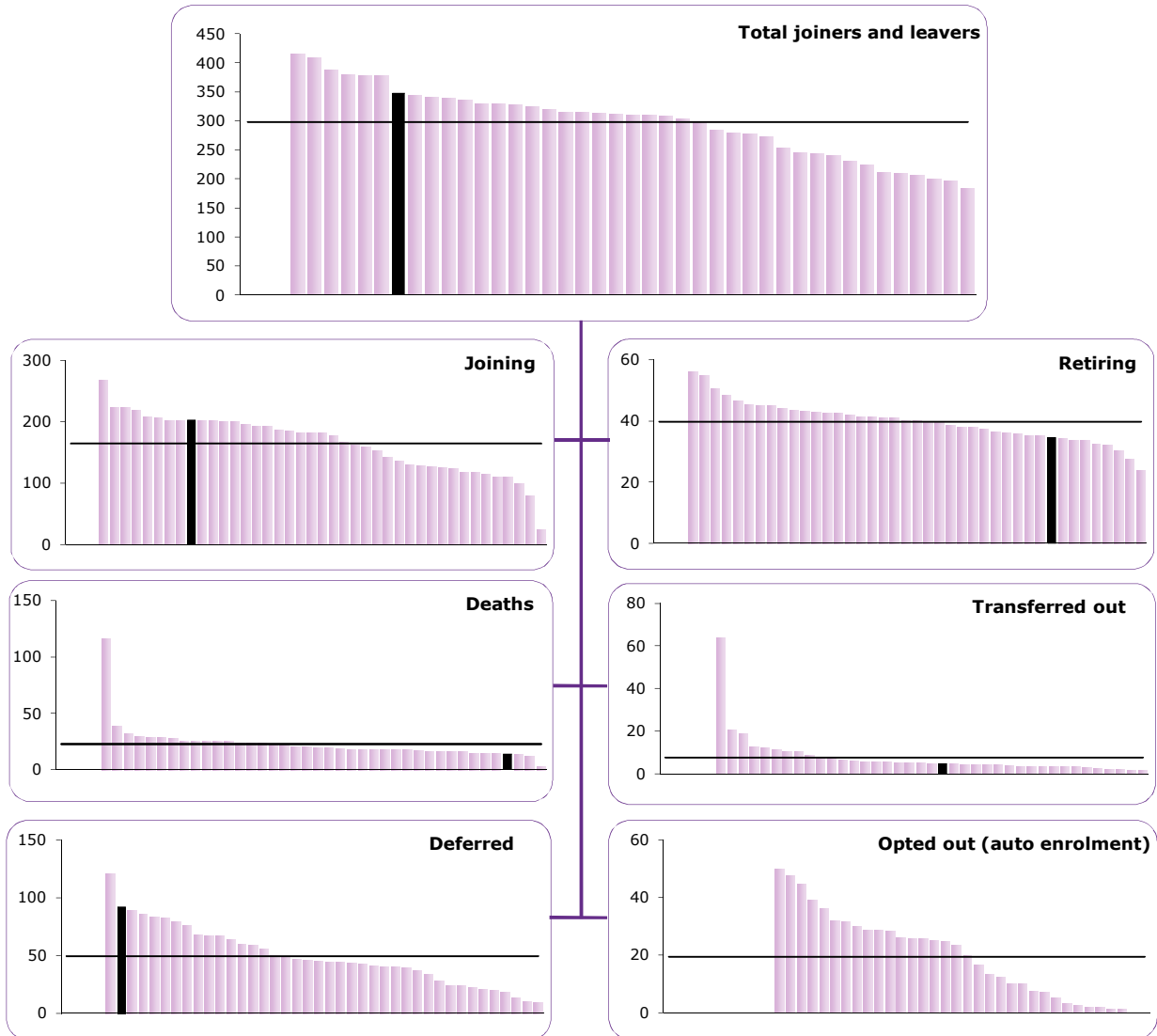
NUMBER OF LGPS EMPLOYERS AS AT 31/03/2015



LGPS employers (31/3/15)						
	No.	Avg	of which:	No.	%	Avg
Scheduled	152	141	Local Authorities	9	6%	9%
Admitted	70	82	Transferee	70	100%	46%
Total	222	223				

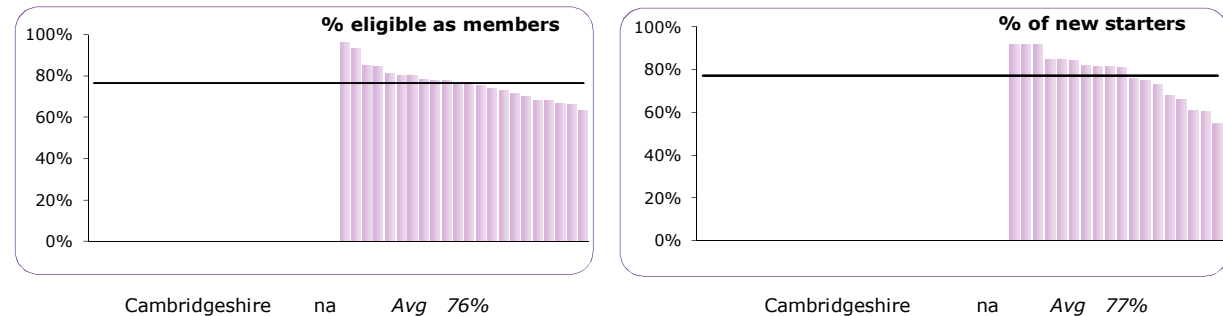
Employer changes 2014/15						
	Applied		Admitted		Leaving	
	No.	Avg	No.	Avg	No.	Avg
Scheduled	-	17	54	20	31	3
Admitted	-	9	2	9	-	4

JOINERS & LEAVERS (per '000 active members)

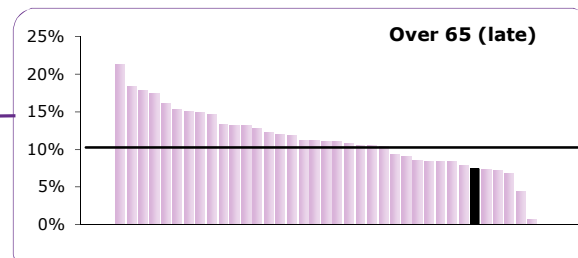
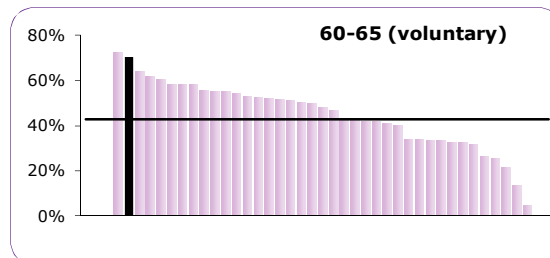
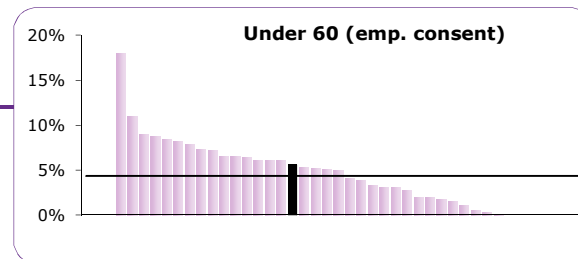
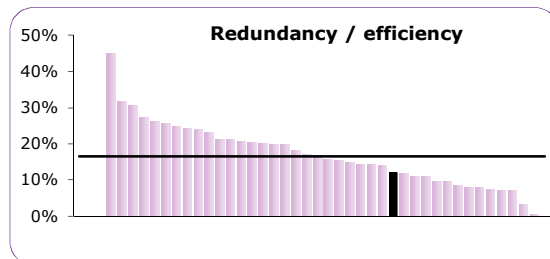
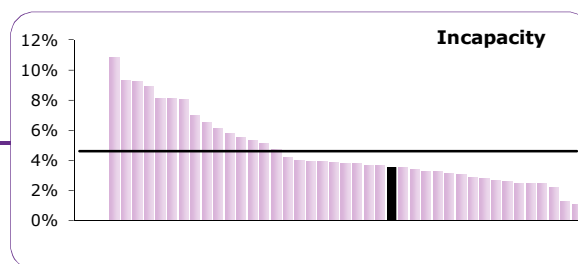
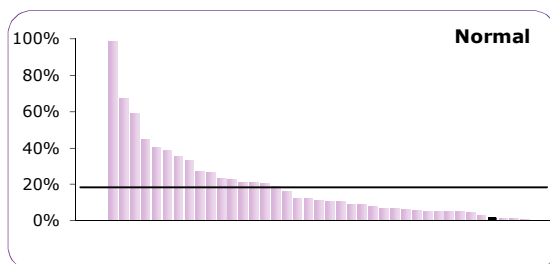
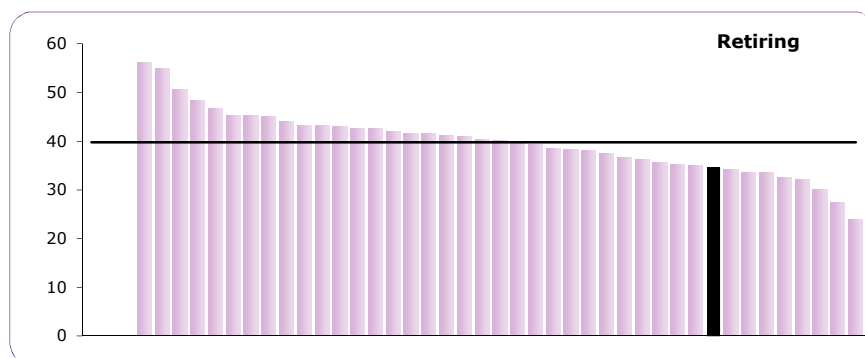


Joiners & leavers (per '000 active members)			
	No.	'000	Avg
Joining	5,125	202	164
Retiring	878	35	40
Deaths	351	14	23
Transferred out	118	5	8
Deferred	2,336	92	50
Opted out	-	-	19
Total	8,808	348	298

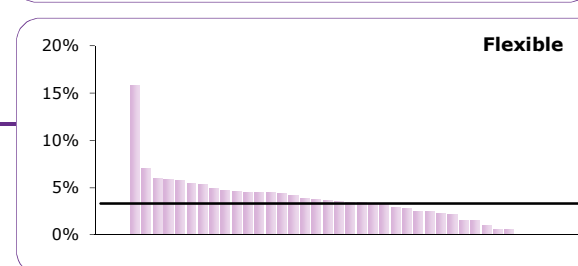
LGPS members as % eligible employees



RETIRING (per '000 active members)



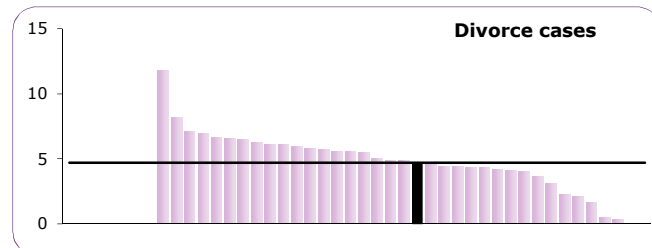
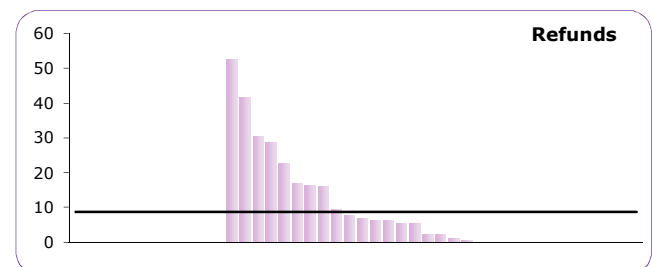
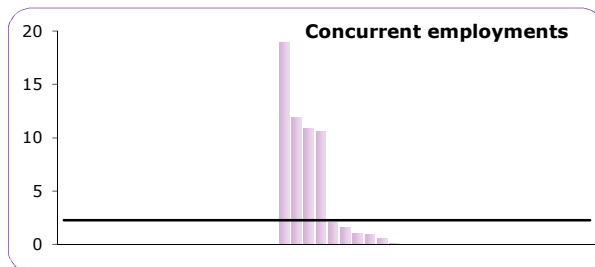
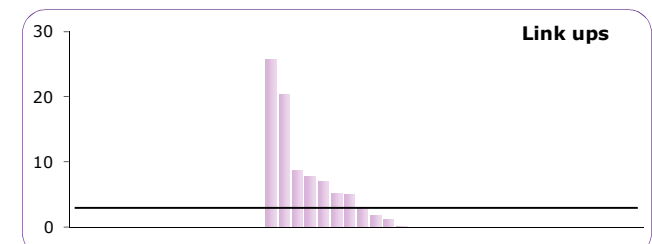
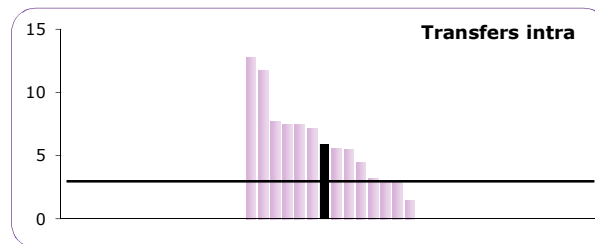
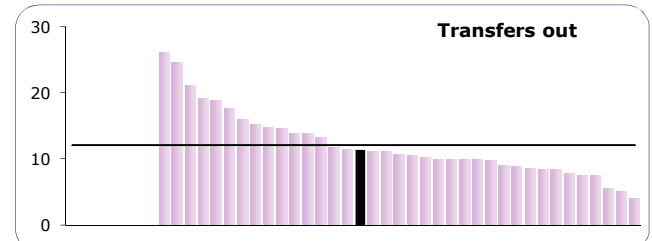
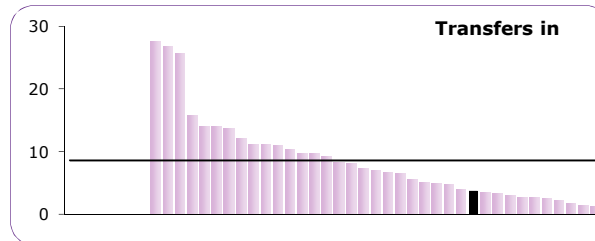
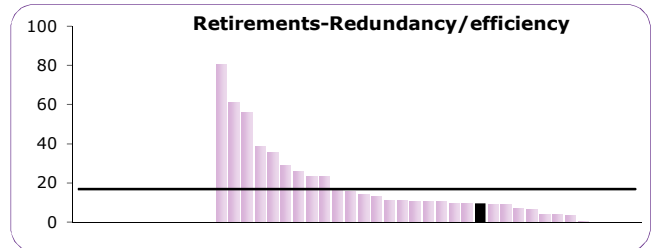
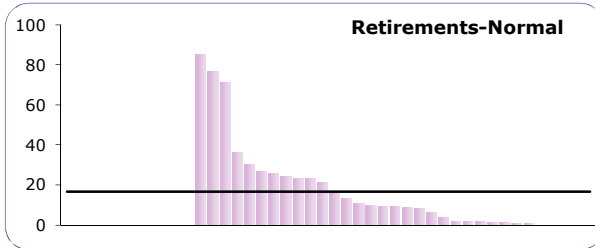
Retirements	No.	%	Avg
Normal	12	1%	18%
Incapacity/ill-health	31	4%	5%
Redundancy/efficiency	105	12%	17%
Under 60 (emp. consent)	49	6%	4.4%
60-65 (voluntary)	616	70%	43%
Over 65 (late)	65	7%	10%
Flexible	-	0.0%	3.3%
Total	878		



Retiring (per '000 active members)			
	No.	'000	Avg
Retiring	878	35	40

Active members	
	25,345

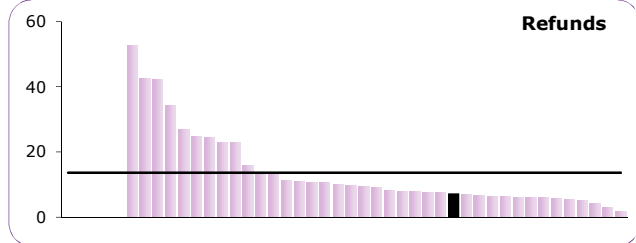
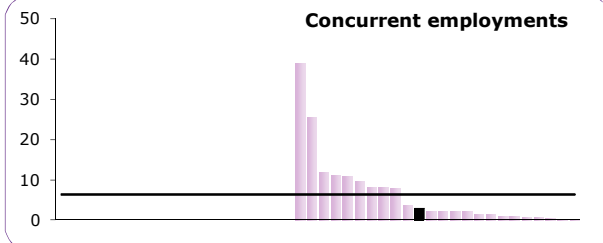
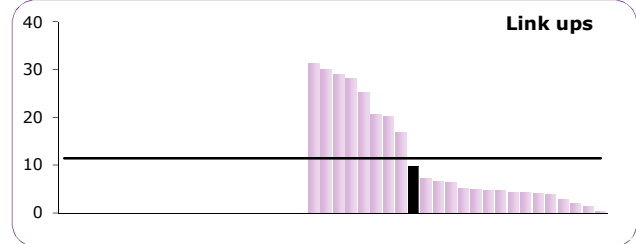
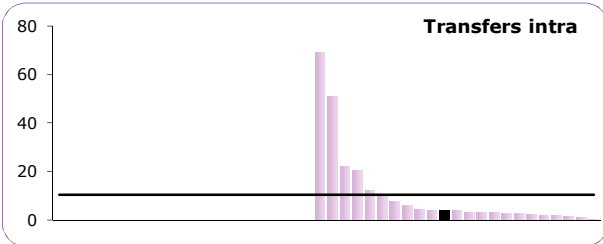
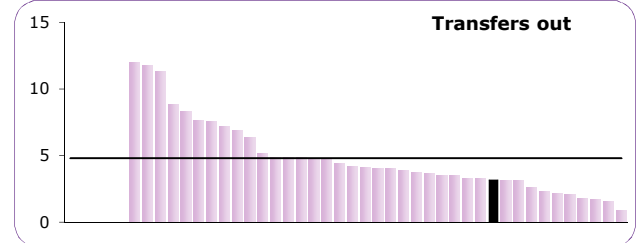
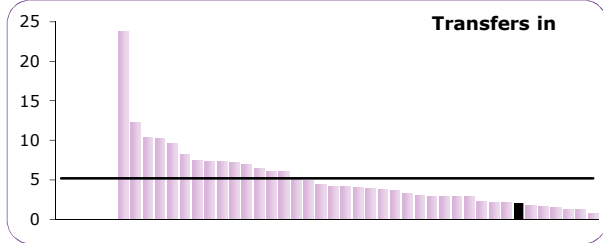
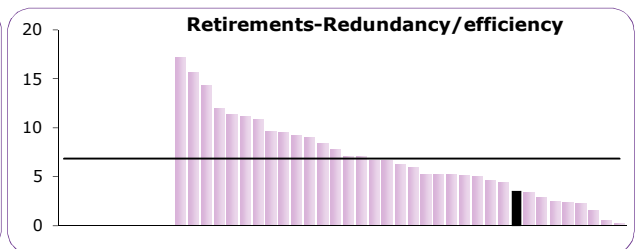
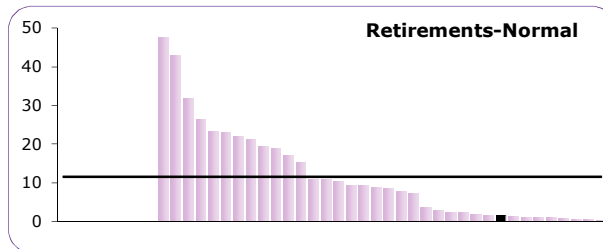
NUMBER OF QUOTATIONS PROVIDED (per '000 active members)



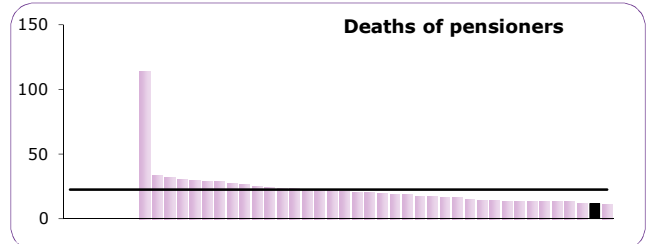
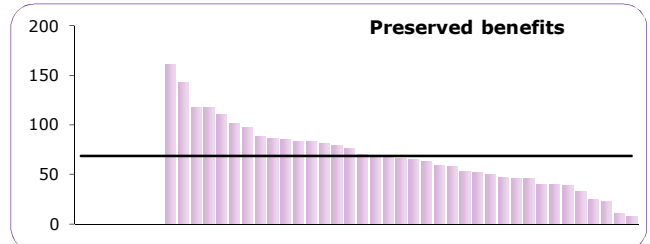
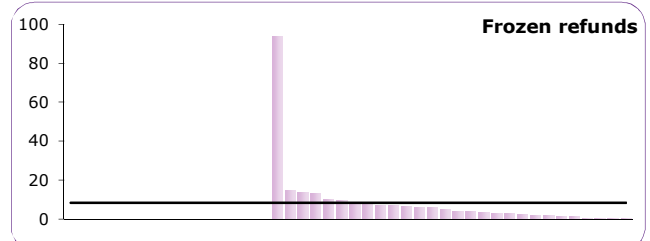
Active members:	25,345		
Quotations provided	No.	'000	Avg
TUPE -in	..	na	0
TUPE -out	..	na	0
Retirements:			
- Normal	..	na	17
- Incapacity/ill-health	33	1	2
- Redundancy/efficiency	239	9	17
- Flexible	42	2	1
- All other	810	32	22
Transfers in	93	4	9
Transfers out	286	11	12
Transfers intra	149	6	3
Link ups	..	na	3
Concurrent employments	..	na	2
Refunds	..	na	9
Divorce cases	119	5	5
Deaths in service	..	na	0
Deaths of pensioners	..	na	4

No of bulk transfers	No.	'000	Avg
TUPE -in	..	na	5
TUPE -out	..	na	4

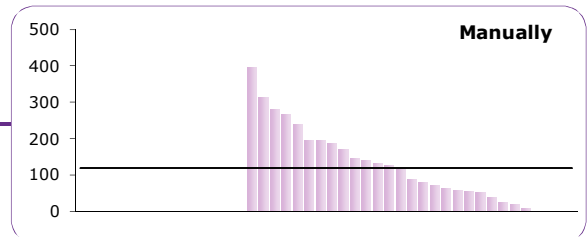
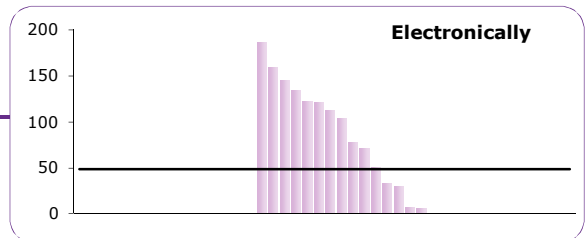
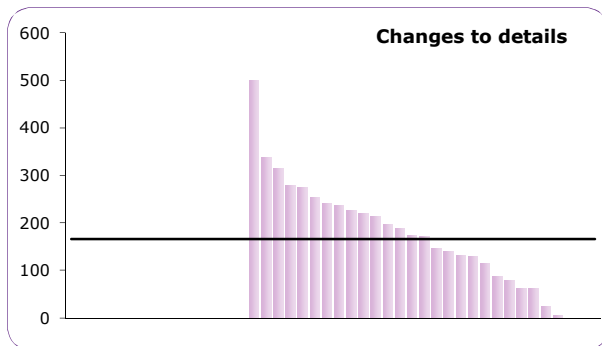
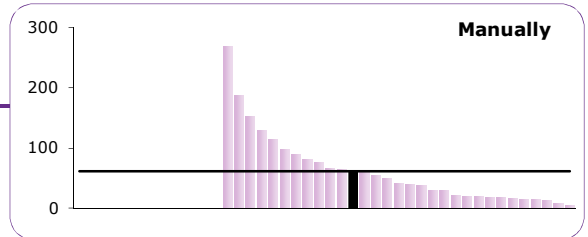
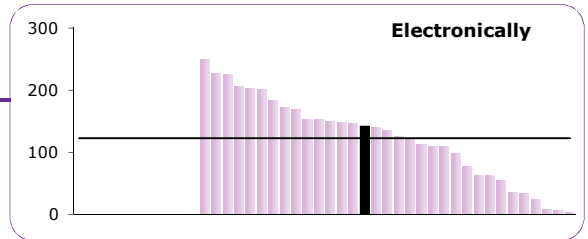
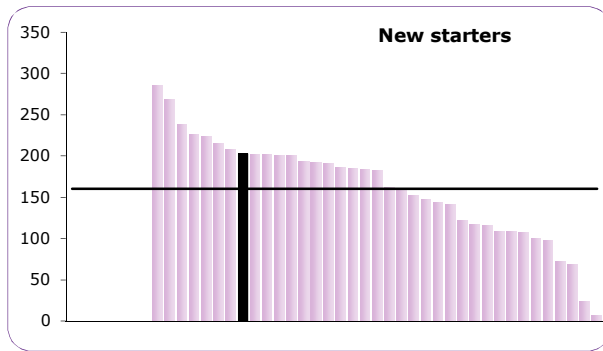
NUMBER OF ACTUAL EVENTS (per '000 active members)



Active members:	25,345		
Actual events	No. '000	Avg	
TUPE -in	.. na	19	
TUPE -out	.. na	17	
Retirements:			
- Normal	41 2	12	
- Incapacity/ill-health	26 1	2	
- Redundancy/efficiency	89 4	7	
- Flexible	24 0.9	1	
- All other	344 14	18	
Transfers in	51 2	5	
Transfers out	81 3	5	
Transfers intra	99 4	10	
Link ups	248 10	11	
Concurrent employments	76 3	6	
Refunds	182 7	14	
Frozen refunds	.. na	8	
Preserved benefits	.. na	69	
Divorce cases	14 1	1	
Deaths in service	24 0.9	1	
Death of pensioners	298 12	23	
Single Status / Job Evaluation	.. na	na	



ACTUAL CALCULATIONS (per '000 active members)

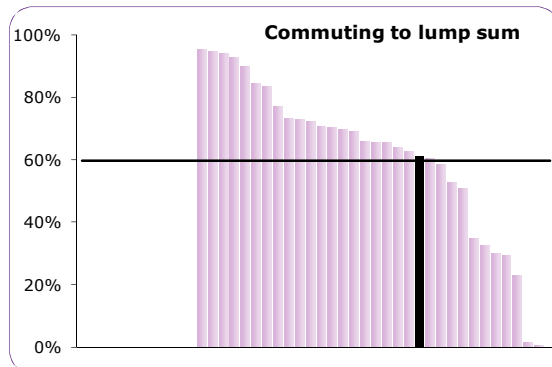


RETIREMENTS

Active members

25,345

Retirements commuting to lump sum



Actual calculations

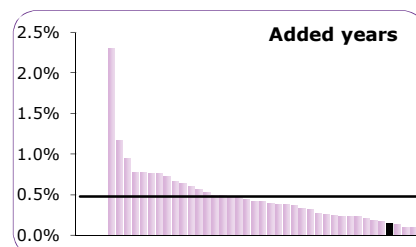
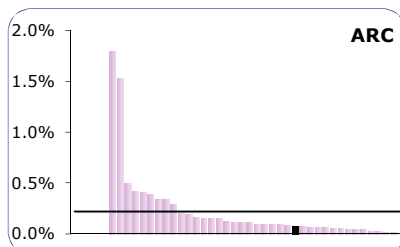
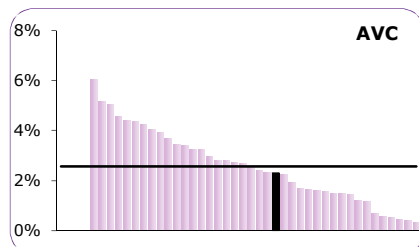
	No.	'000	Avg
New starters	5,128	202	160
- electronically	3,588	142	122
- manually	1,540	61	61
Changes to details	-	0	166
- electronically	-	0	48
- manually	-	0	119

Retirements commuting lump sum

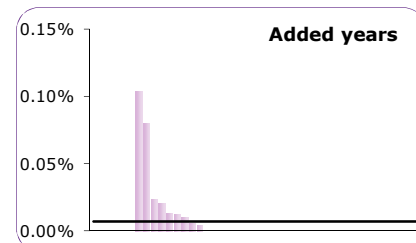
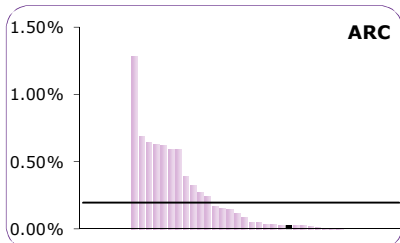
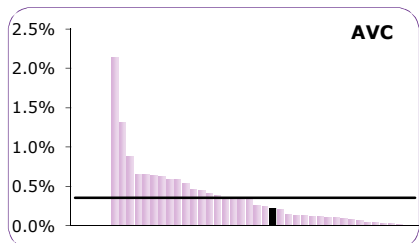
Number	% total	Avg
535	61%	60%

AVCs, ARCs and Added years

% Currently contributing



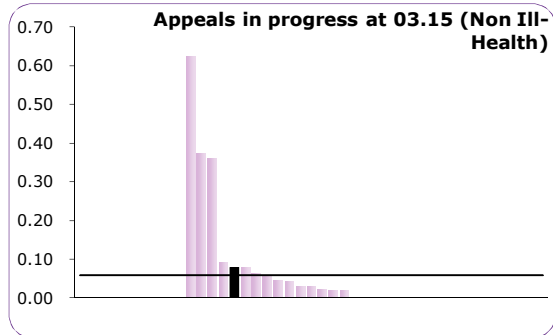
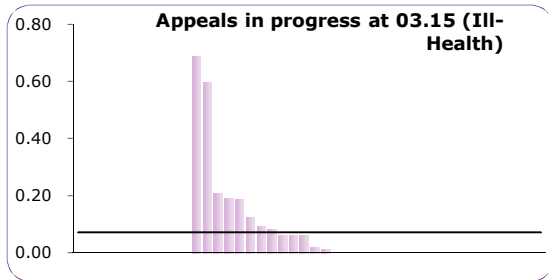
% New contributors this year



Contributors to AVCs and ARCS			
	No.	%	Avg
Currently contributing			
- AVC	587	2.32%	2.57%
- ARC	20	0.08%	0.22%
- Added years	37	0.15%	0.48%
Total	644	2.54%	2.97%
New contributors this year			
- AVC	56	0.22%	0.36%
- ARC	7	0.03%	0.20%
- Added years	..	na	0.01%
Total	63	0.25%	0.49%

Active members
25,345

APPEALS

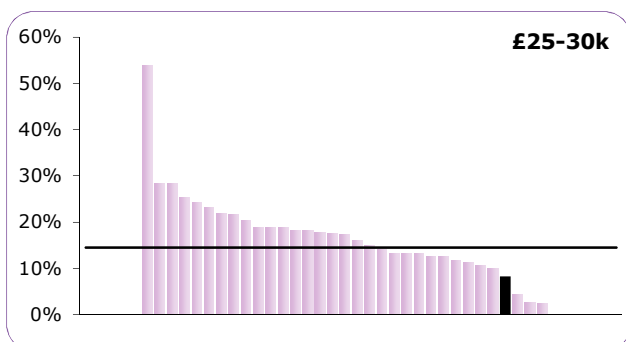
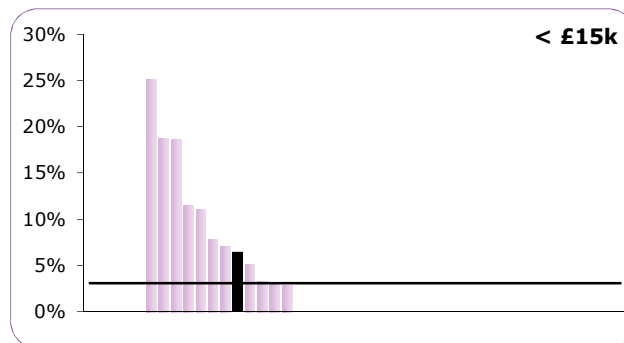
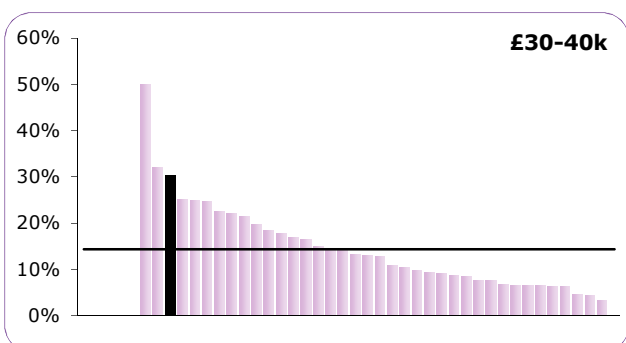
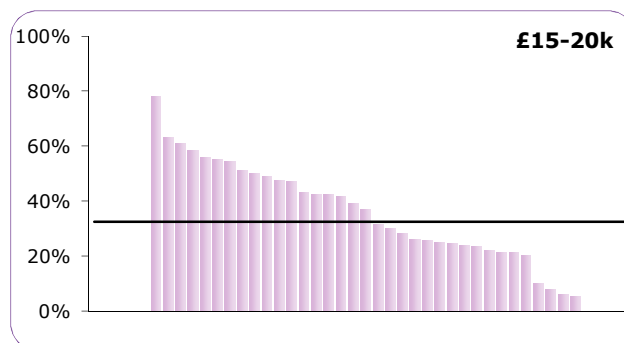
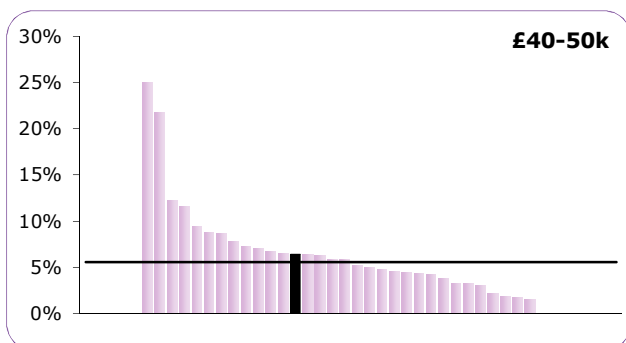
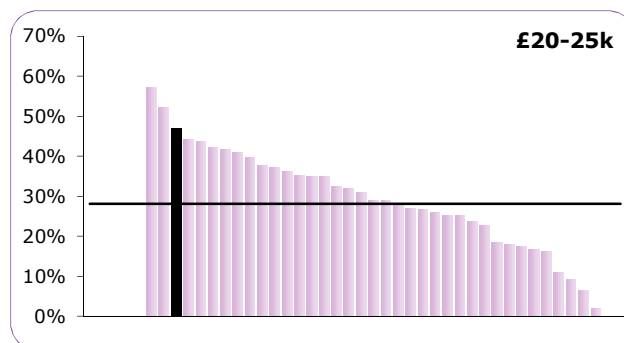
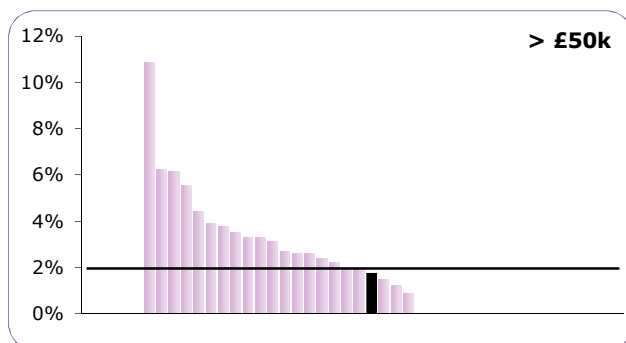


*Club total: This shows the total for all the Benchmarking Club members 2015

Number of appeals	No.	Per '000 members	Avg	Club* total
Ill-Health				
In progress at start of year	1	0.04	0.04	22
In progress at end of year	0	0.00	0.07	30
Non Ill-Health				
In progress at start of year	2	0.08	0.03	29
In progress at end of year	2	0.08	0.06	37
1st Stage				
Appeals in Progress - 03.14	0	0.00	0.04	25
New Appeals in Year	1	0.04	0.12	104
Appeals Withdrawn	0	0.00	0.00	3
Appeals Upheld	0	0.00	0.04	26
Appeals Not Upheld	1	0.04	0.06	68
Appeals in Progress - 03.15	0	0.00	0.05	33
2nd Stage				
Appeals in Progress - 03.14	2	0.08	0.01	14
New Appeals in Year	0	0.00	0.00	30
Appeals Withdrawn	0	0.00	0.00	-
Appeals Upheld	1	0.04	0.01	8
Appeals Not Upheld	1	0.04	0.02	34
Appeals in Progress - 03.15	0	0.00	0.01	(1)
Ombudsman Referrals				
Appeals in Progress - 03.14	1	0.04	0.01	8
New Appeals in Year	0	0.00	0.01	10
Appeals Withdrawn	0	0.00	0.00	-
Appeals Upheld	0	0.00	0.00	1
Appeals Not Upheld	1	0.04	0.01	10
Appeals in Progress - 03.15	0	0.00	0.00	6

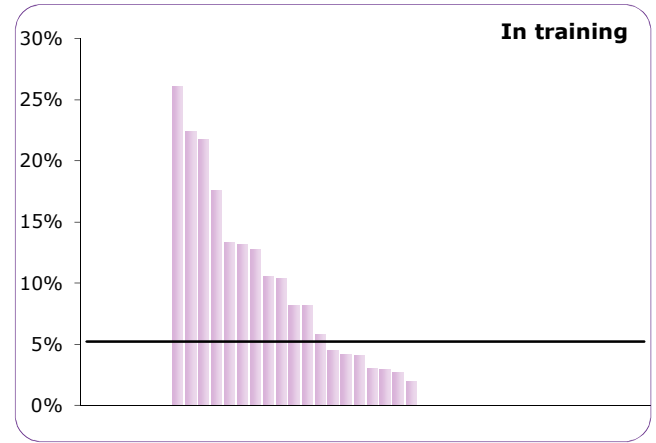
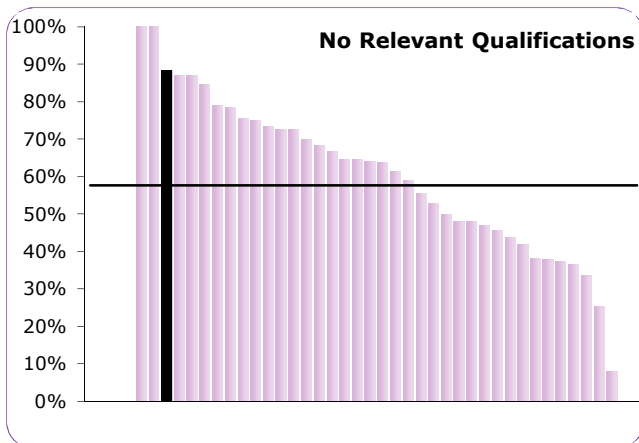
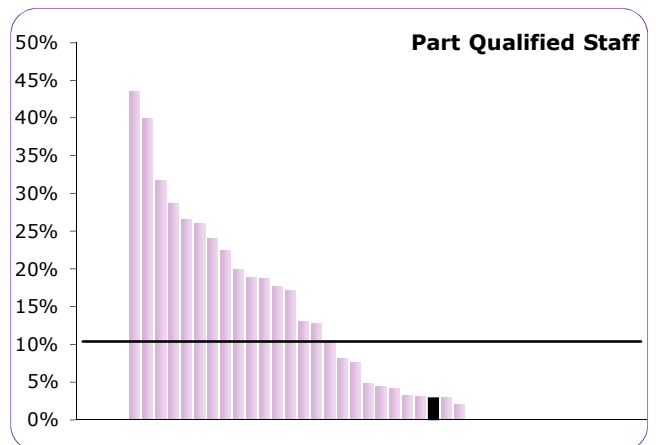
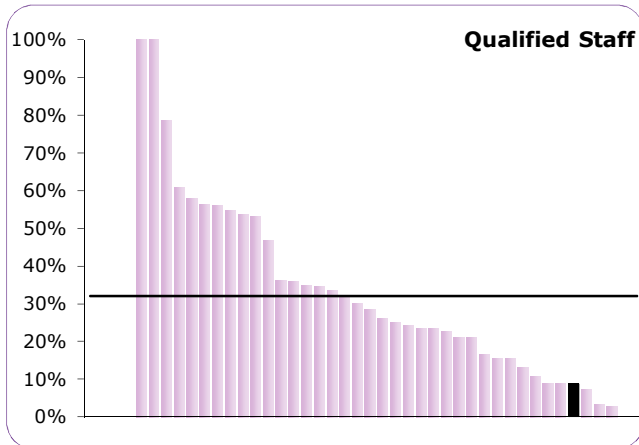
SECTION 4 - STAFF RELATED MEASURES

STAFF PAY



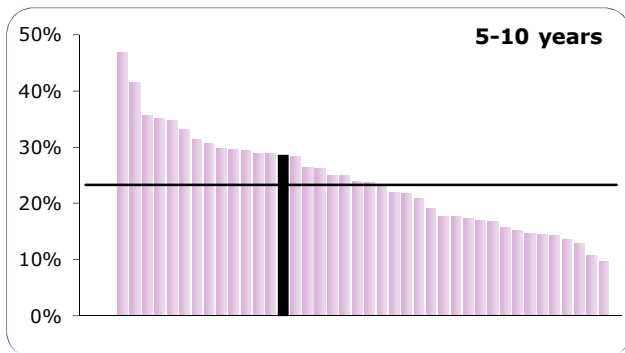
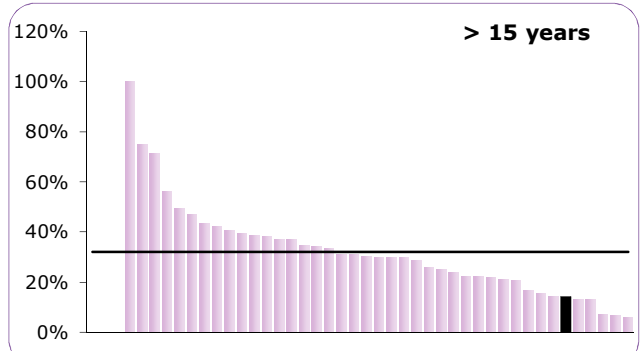
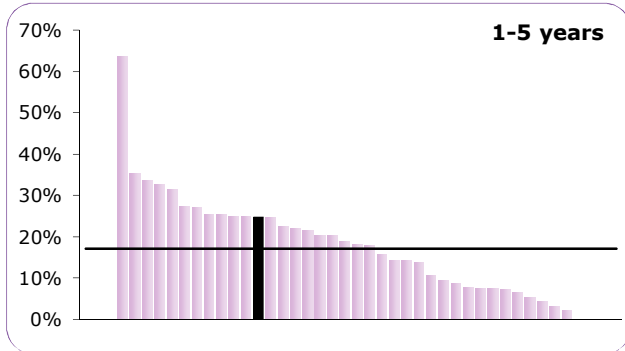
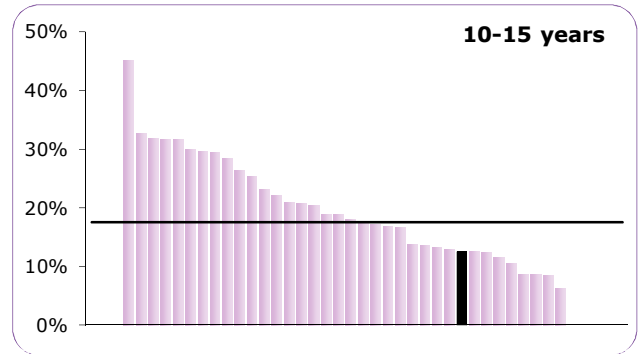
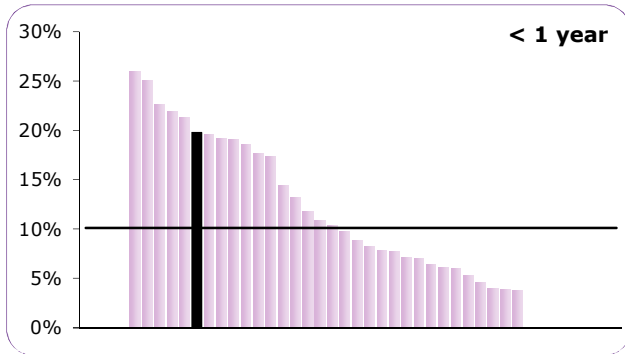
Staff pay			
	FTE	%	Avg
> £50k	0.6	2%	2%
£40-50k	2.2	6%	6%
£30-40k	10.4	30%	14%
£25-30k	2.8	8%	14%
£20-25k	16.1	47%	28%
£15-20k	0.0	0%	33%
< £15k	2.2	6%	3%
Total	34.3		

STAFF QUALIFICATIONS



Staff qualifications			
	FTE	%	Avg
Qualified Staff	3.0	9%	32%
Part Qualified Staff	1.0	3%	10%
No Relevant Qualifications	30.3	88%	58%
Total	34.3		
Number in Training	na	na	5%

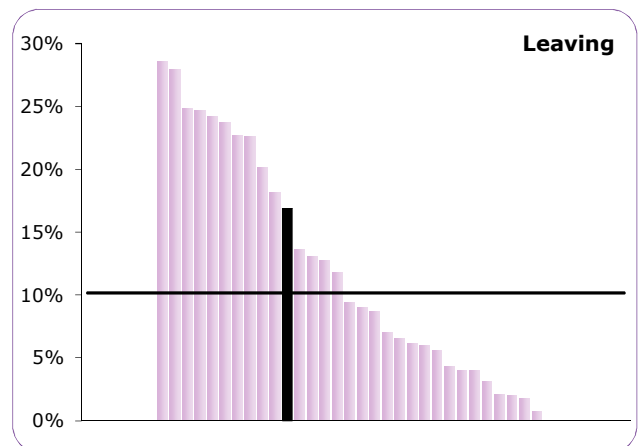
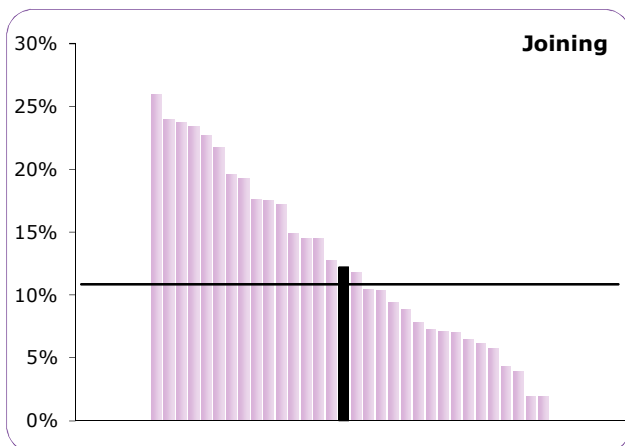
STAFF PENSIONS EXPERIENCE



Staff experience

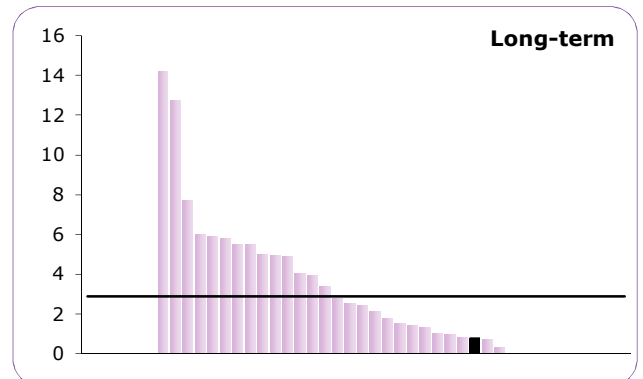
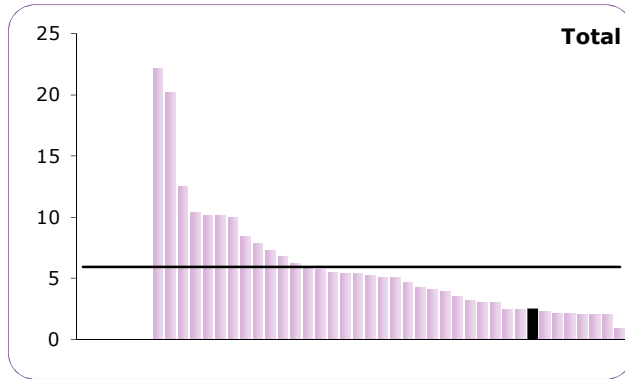
	FTE	%	Avg
< 1 year	6.8	20%	10%
1-5 years	8.5	25%	17%
5-10 years	9.8	29%	23%
10-15 years	4.3	13%	18%
> 15 years	4.9	14%	32%
Total	34.3		

STAFF TURNOVER



Staff Turnover	FTE	% change	Avg
Staff at 1/4/2013	35.9		
+ Staff joining Pension section	4.2	12.2%	10.8%
- Staff leaving Pension section	5.8	16.9%	10.2%
Staff at 31/3/2014	34.3	-4.5%	0.9%

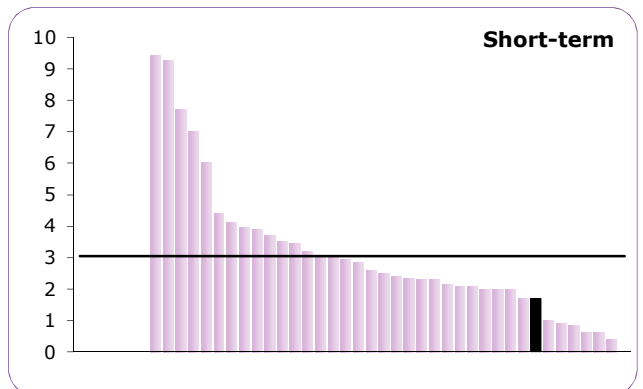
SICKNESS ABSENCE



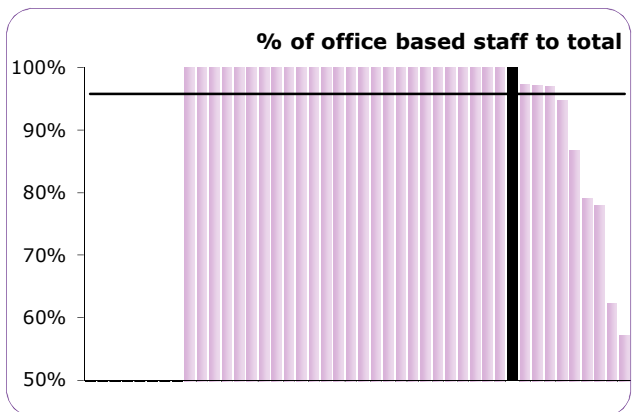
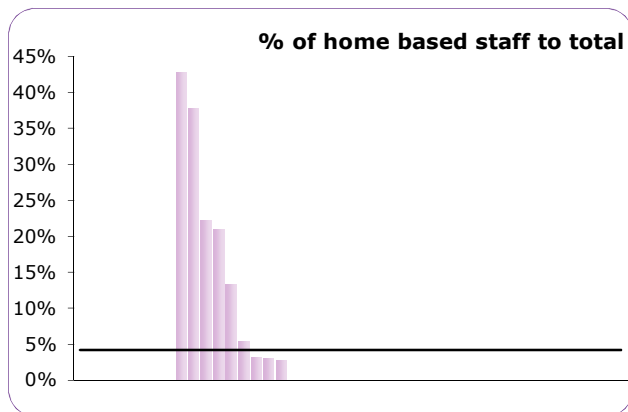
Sickness absence	Days/FTE	Avg
Long-term sickness	0.8	2.9
Short-term sickness	1.7	3.1
Total	2.5	5.9

Long-term sick (periods of sickness over 20 working days)

Short-term sick (periods of sickness of 20 days or less)



STAFF LOCATION

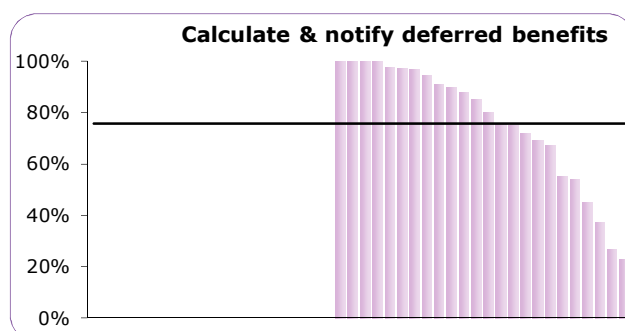
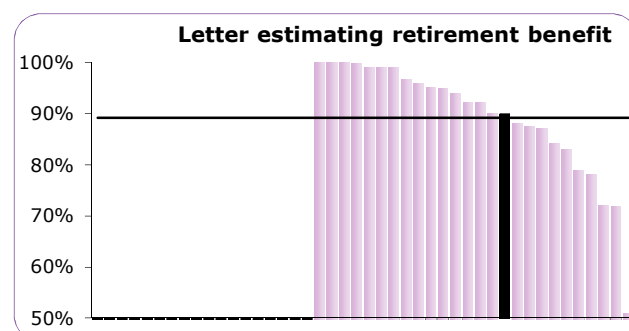
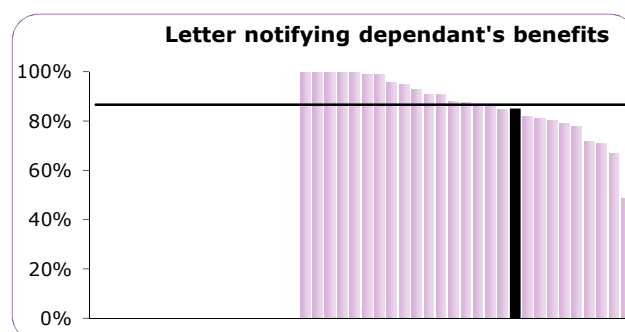
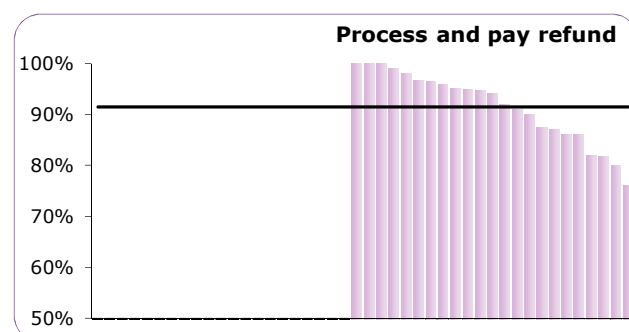
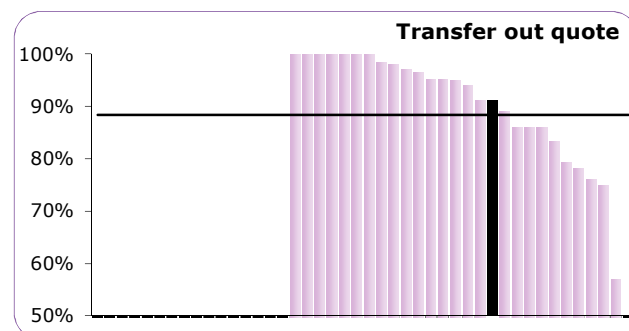
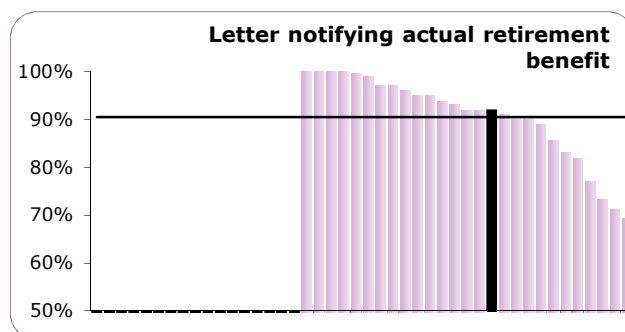
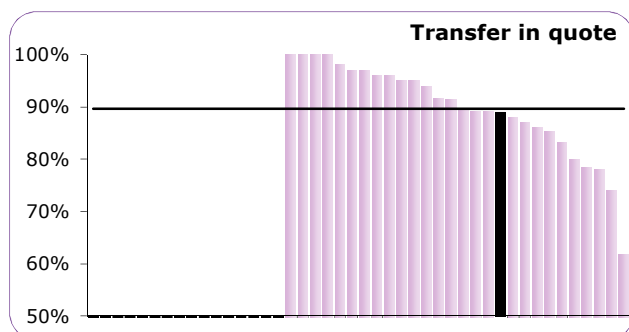


Staff location	FTE	Avg	% to total FTE	Avg
Home based	0.0	0.9	0%	4%
Office based	34.3	32.5	100%	96%
Total	34.3			

Office Based: Staff members who spend >50% of their contracted time working in the office

Home Based: Staff members who spend 50% of their contracted time working from home.

SECTION 5 - INDUSTRY STANDARD PI's



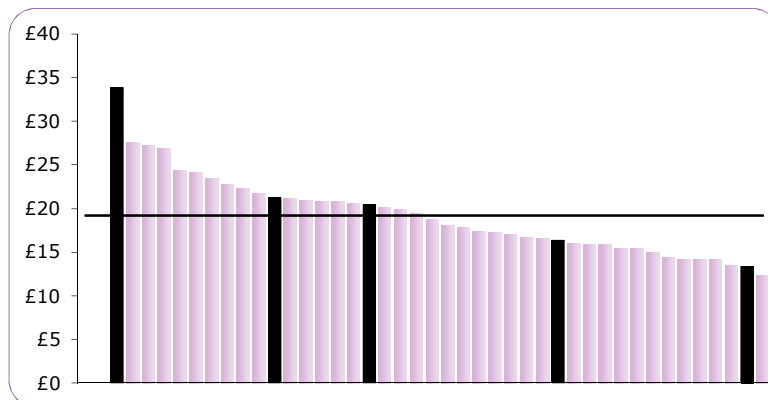
Industry Standard PI's	Target	Achieved	Avg
Letter detailing transfer in quote	10 days	89.0%	89.6%
Letter detailing transfer out quote	10 days	91.0%	88.3%
Process and pay refund	5 days	na	91.5%
Letter notifying estimate of retirement benefit	10 days	90.0%	89.2%
Letter notifying actual retirement benefit	5 days	92.0%	90.5%
Process and pay lump sum retirement grant	5 days	92.0%	92.2%
Letter acknowledging death of member	5 days	99.0%	94.1%
Letter notifying amount of dependant's benefits	5 days	85.0%	86.7%
Calculate and notify deferred benefits	10 days	na	75.8%

SECTION 6 - COMPARISON BY METHOD OF SERVICE DELIVERY

COMPARISON OF OUTSOURCED/IN-HOUSE MEMBERS

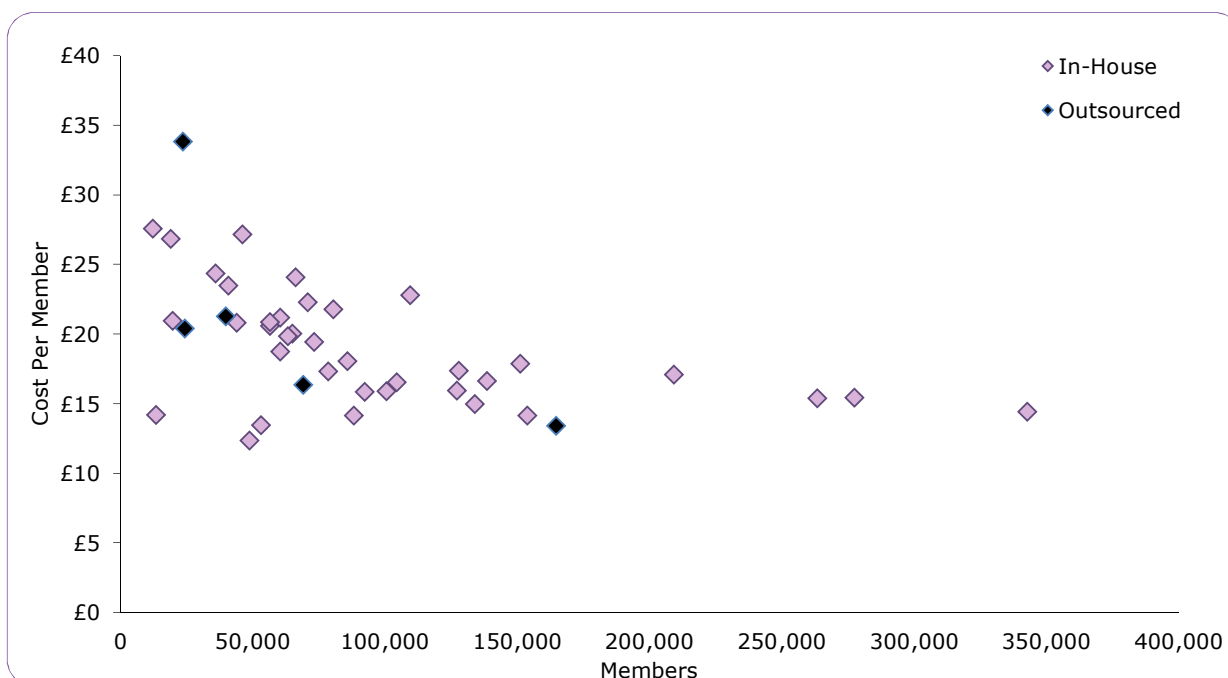
Total members with data:	45
Outsourced members:	5

LGPS ADMIN COST PER MEMBER (INCLUDING PAYROLL)



	Cost	Members	Cost per Member
Cambridgeshire	£1,426	73,354	£19.44
Club average	£1,592	91,074	£19.17
Outsourced average	£1,098	64,384	£21.06
In-house average	£1,657	94,586	£18.91

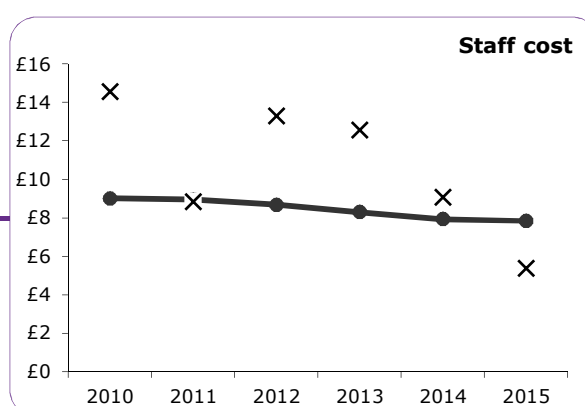
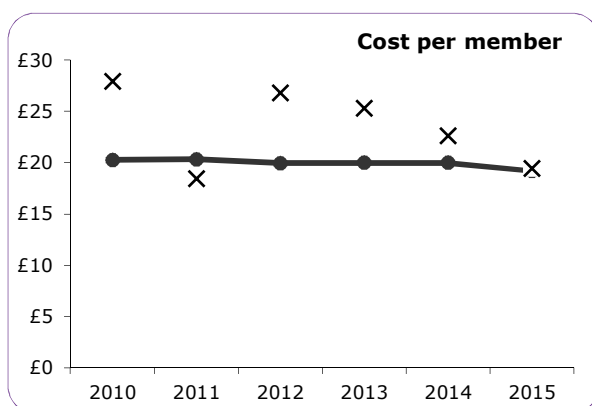
COST PER MEMBER COMPARED WITH NUMBER OF MEMBERS



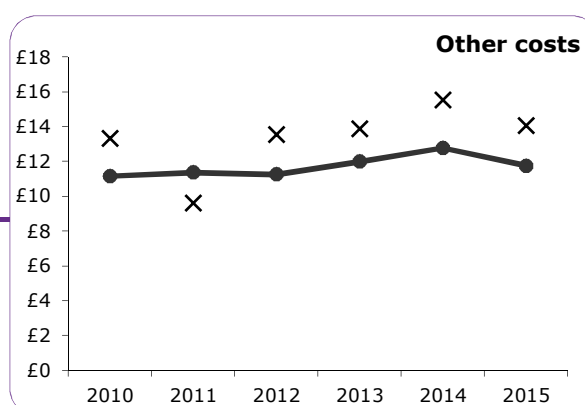
SECTION 7 - TIMESERIES

The 2014 averages are the actual club averages.

For previous years, the averages shown here are scaled up or down from the 2014 figure based on the average rate of change in each year. This is calculated using data from members who supplied figures in consecutive years, otherwise the simple average in each year would be distorted by changes in the composition of the club from year to year.



KEY:
 Club average
 Cambridgeshire



Time series analysis						
	2010	2011	2012	2013	2014	2015
Members	58,847	64,075	62,337	65,820	71,707	73,354
Net cost (£'000)	1,642k	1,183k	1,673k	1,664k	1,622k	1,426k
Cost per member	£27.90	£18.46	£26.84	£25.28	£22.62	£19.44
Average	£20.26	£20.33	£19.96	£19.97	£19.98	£19.17
Staff cost	£14.58	£8.85	£13.28	£12.56	£9.06	£5.37
Average	£9.02	£8.94	£8.68	£8.30	£7.93	£7.83
Other costs	£13.32	£9.61	£13.56	£13.87	£15.54	£14.07
Average	£11.14	£11.36	£11.25	£11.98	£12.76	£11.75

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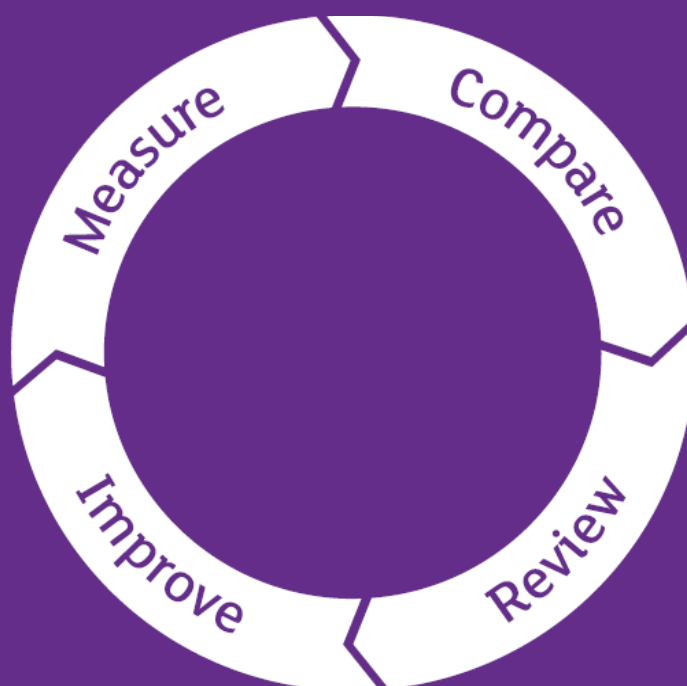
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T: 020 7543 5600 F: 020 7543 5700

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CAMBRIDGESHIRE PENSION FUND



Pensions Committee

Date: 23 March 2017

Report by: Head of Pensions

Subject:	Cambridgeshire Pension Fund Risk Register Heat Pad
Purpose of the Report	To present the Cambridgeshire Pension Fund Risk Register heat pad to members of the Pension Committee.
Recommendations	The Pension Committee are asked to note the attached Cambridgeshire Pension Fund Risk Register heat pad located in the appendix to this report
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 the Fund has an appropriate Risk Register in place supported by an appropriate Risk Strategy outlining the Fund's approach to managing risk. It is also a requirement of the Pensions Regulator's code of practice on the governance and administration of public service pension schemes to have in place a Risk Register which is regularly reviewed.
- 1.2 In March 2016 the Pension Committee approved the Fund's Risk Strategy that outlined the risk philosophy, how risk management is implemented and the responsibilities, procedures and internal controls to ensure risks are identified, analysed, controlled and monitored effectively. The Pension Committee approved the Risk Register in October 2016.

2. Purpose of the heat pad

- 2.1 The heat pad is designed to be a visual tool in assessing and monitoring the Fund's risks. The first version is demonstrated in **appendix 1** of this report and is populated with the risks agreed at the October 2016 Pension Committee meeting. The risks have been reviewed in January 2017 by Officers of the Fund to ensure they remain effective and the heat pad in its current form shows the starting position of the risks facing the Fund.
- 2.2 The heat pad is used to track risk movements and identify new risks. As the risk register is updated it will clearly identify changes to the severity of each risk from its former risk rating.

3. Heat Pad Analysis findings

3.1 Governance risk findings

3.1.1 There are 18 key risks associated with the governance of the Fund. Of these 18 risks and in line with the likelihood and impact scoring in the Risk Strategy, there are two appearing as an amber risk status as follows –

- Those charged with the governance of the Fund and Scheme are unable to fulfil their responsibilities effectively; and
- Failure by the Fund or employers to meet requirements (including statutory requirements) to ensure members are not disadvantaged.

3.1.2 These risks, even with relevant controls in place remain as a major impact as the consequences could be significant to the Fund.

3.2 Funding and Investment risk findings

3.2.1 There are 17 key risks associated with Funding and Investment. Of these 17 risks, the heat pad demonstrates that there are five appearing as an amber risk status as follows –

- Contributions to the Fund are not received on the correct date and for the correct amount;
- Investment decisions and portfolio management may not maximise returns or be performed in accordance with instructions provided;
- Fund assets are not sufficient to meet obligations and liabilities as they become payable;
- Failure to respond to changes in economic conditions; and
- Mismatch in asset returns and liability movements result in increased employer contributions.

3.2.2 There is one risk appearing at a red risk status as follows –

- Market yields move at variance with actuarial assumptions resulting in increases in liability, reduced solvency levels and increased employer contribution rates.

3.2.3 These risks should be closely monitored as they are not able to be mitigated to a desired level as they are dependent on employers and market conditions which are external factors.

3.3 Administration and Communication risk findings

3.3.1 There are 19 key risks under the category of Administration and Communication. Of these 19 risks, the heat pad demonstrates that there are three appearing in the amber risk status as follows –

- Failure to manage the resources associated with increasing volumes of employing bodies entering the Fund, leading to unachieved targets;

- Employers unable to pay increased contribution rates, which could lead to employers defaulting on their contributions; and
- Failure to include all required information in documents issued to members under disclosure regulations.

3.3.2 The first two risks need to be monitored due to their reliance on external factors and the third risk remains high impact due to the significance to the Fund if disclosure regulations were not met.

4. Conclusion

4.1 There are 54 key risks facing the Fund and of these 11 are either an amber or red risk status meaning that the Committee are required to monitor these more closely. These risks are largely the ones where the Fund is reliant on a third party or market conditions which are more difficult to control.

5. Next Steps

5.1 The Pension Committee will be presented with the analysis model on a yearly basis or prior if a risk has had a significant change or a substantial risk has been added. Upon these reviews the heat pad will demonstrate the movements in risks during the review period and will highlight to the Pension Committee the areas of concern.

6. 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
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
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. Objective 10

7. Finance & Resources Implications

7.1 There are no financial and resource implications associated with this risk register..

8. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
None	A risk register highlights areas of concern and allows for appropriate mitigations to be put in place.	Green

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

Risk	Risk Rating
If the Fund does not monitor and report risks the Fund will not demonstrate that it has appropriate control over the management of the risks that the Fund faces.	Red

8. Communication Implications

Website	The Fund will keep the Pensions Committee and the Local Pensions Board updated with changes to the risks.
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9. Legal Implications

9.1 Not applicable

10. Consultation with Key Advisers

10.1 AON Hewitt, the Fund's Governance Adviser provided the Risk Register model.

12. Alternative Options Considered

12.1 Not applicable

13. Background Papers

13.1 Not applicable

14. Appendices

14.1 Appendix 1 – Risk Register Heat Pad Model Results (Governance, Funding and Investment and Administration and Communication)

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?	No
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	Sarah Heywood - 6/3/2017
Has this report been cleared by Deputy Head of Pensions?	Mark Whitby – 7/2/2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 6/3/2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 3/3/2017

	Governance Risks					Impact	Funding & Investment Risks (includes accounting and audit)																																														
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Governance Risks Summary

Risk no:	Risk	Strategic objective at risk (see key)	Risk category	Impact (see key)	Likelihood (see key)	Risk Status	Internal controls in place	Further Action?	Owner	Last Updated	Previous Impact	Previous Likelihood	Previous Risk Status	Risk removed (date)
Key Risks (ranked 8 or above):														
2	Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively.	2 & 3	Resource/Skill	4	2		Knowledge Management Policy is in place which requires the Pensions Committee/Sub Committee and Board members to receive continuing training. New members receive induction training. The Fund subscribes to relevant professional bodies such as LAPFF & PALSA and sends representatives to major conferences.		Governance Team	30/01/2017				
17	Failure by the Fund or Employers to meet requirements (including statutory) to ensure members are not disadvantaged.	8	Resource/Skill	4	2		Key Performance Indicators for both the Fund and Employers which are reported to management on a monthly basis and Committee on a quarterly basis. Service Level Agreements in place with some employers to ensure expectations are documented. LGSS website holds a wealth of information regarding responsibilities as do other websites such as the DCLG.		Governance Team	30/01/2017				
New Risks:														
1	Failure to administer the scheme in line with regulations and policies	1,2, & 3	Regulatory/Compliance	4	1		Administration and Communication Policy, up to date knowledge through various sources such as SAB and DCLG. Up to date training and attendance at conferences. Receipt of professional bulletins and publications. Attendance at working groups such as EMPOG/SEC SOG. Work with external governance advisors where appropriate.		Governance Team	30/01/2017				
2	Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively.	2 & 3	Resource/Skill	4	2		Knowledge Management Policy is in place which requires the Pensions Committee/Sub Committee and Board members to receive continuing training. New members receive induction training. The Fund subscribes to relevant professional bodies such as LAPFF & PALSA and sends representatives to major conferences.		Governance Team	30/01/2017				
3	Production of incorrect accounts, notices and publications	1 & 2	Resource/Skill	3	1		Robust sign off process in place dependent upon the document (AR/SOA/Communications)		Governance Team	30/01/2017				
5	Policies and Strategies not being in place and up to date	1 & 2	Regulatory/Compliance	2	2		Policies and strategies in place and on the LGSS Pension website, new policies developed when appropriate and all policies and strategies are reviewed on at least a yearly basis.		Governance Team	30/01/2017				
6	Failure to recognise/manage conflicts of interest	2 & 10	Resource/Skill	2	2		Declaration of interests at the beginning of each meeting for non-County Councillor members. County Councillor declaration register held by Democratic Services. Conflicts of interest Policy & training to ensure Committee and Board members are aware of potential conflicts and how to deal with them (Pension Regulator Tool Kit covers this)		Governance Team	30/01/2017				
7	Risk of manual changes when producing management reports leading to lack of audit trail	2 & 10	Administration	2	2		Automated extraction of data where viable and agreed procedures for reporting		Governance Team	30/01/2017				
8	Potential fraudulent activity by staff	2 & 10	Resource/Skill	5	1		Robust checking system in place, log in security, Altair multiple log in requirements, locked records for pension staff, pension staff not authorised to access family/friends records		Governance Team	30/01/2017				
9	Potential fraudulent activity by scheme members	2 & 10	Administration	3	2		National Fraud Initiative participation, investigation of returned payroll slips, sight of certificates before payments made, few cheque payments made.		Governance Team	30/01/2017				
10	Lack of knowledge amongst Committee and Board members due to high turnover	3	Resource/Skill	3	2		Knowledge Management Policy in operation which includes compliance with the CIPFA Knowledge and Skills Framework, attendance at internal/external training events and engagement with peer group.		Governance Team	30/01/2017				
11	Failure of succession planning for key roles on the Committee and Board leading to the inability to pick up work if a member is sick/leaves	3	Resource/Skill	2	2		Knowledge Management Policy in operation which includes compliance with the CIPFA Knowledge and Skills Framework, attendance at internal/external training events and engagement with peer group.		Governance Team	30/01/2017				
12	Failure of officers to maintain a sufficient level of competence to discharge their duties	3	Resource/Skill	2	2		Internal training upon appointment, ongoing internal and external training courses/seminars, professional qualifications.		Governance Team	30/01/2017				

Risk no:	Risk	Strategic objective at risk (see key)	Risk category	Impact (see key)	Likelihood (see key)	Risk Status	Internal controls in place	Further Action?	Owner	Last Updated	Previous Impact	Previous Likelihood	Previous Risk Status	Risk removed (date)
13	Changes to the Local Government Pension Scheme and lack of expertise in the revised/new area	3	Regulatory/Compliance	2	2		Knowledge Management Policy in operation, the use of advisors where deemed applicable to provide relevant information and recommendations on particular areas.		Governance Team	30/01/2017				
14	Failure to have formal monitoring of Key Performance Indicators in place leading to officers being unable to produce accurate performance management reports.	5	Administration	2	2		Automated extraction through Altair which is reported at monthly management meetings and at quarterly Committee meetings. Also reported to teams at 1:1 meetings to address any performance issues.		Governance Team	30/01/2017				
15	Pension Fund objectives are not defined and agreed	4	Resource/Skill	2	2		Objectives are agreed as part of the Annual Business Plan and Medium Term Strategy by the Pensions Committee. Relevant objectives are referenced on every committee report to demonstrate the relevance of the report against the Fund objectives. The objectives also run through all our Policy documents to ensure they remain focused to the Funds goals		Governance Team	30/01/2017				
16	Failure to understand and monitor risk and compliance	5	Resource/Skill	3	2		Business Continuity plan in place and regularly tested. Active risk register in place, the Committee and Board are updated if there are any risk movements between scheduled reporting timescales.		Governance Team	30/01/2017				
17	Failure by the Fund or Employers to meet requirements (including statutory) to ensure members are not disadvantaged.	8	Resource/Skill	4	2		Key Performance Indicators for both the Fund and Employers which are reported to management on a monthly basis and Committee on a quarterly basis. Service Level Agreements in place with some employers to ensure expectations are documented. LGSS website holds a wealth of information regarding responsibilities as do other websites such as the DCLG.		Governance Team	30/01/2017				
18	Failure to act professional when dealing with stakeholders leading to lack of confidence in the Fund	10	Resource/Skill	3	1		Knowledge Management Policy in force to ensure officers have a good level of knowledge and officers are encouraged to undertake a professional qualifications. The section is working towards Customer Excellence accreditation to ensure the core focus is the customer across the service.		Governance Team	30/01/2017				
19	Failure to provide adequate information to the Pension Committee/Pension Board	15	Resource/Skill	2	2		Committee Papers provided on a quarterly basis providing key information relating to the Fund. Yearly effectiveness reviews for Committee members are carried out to identify if any changes need to be made by officers when communicating information to the Committee.		Governance Team	30/01/2017				
Removed Risks:														
Key Changes (moved by 3 or more):														
None														

Funding and Investment

Impact	Funding & Investment Risks (includes accounting and audit)																																									
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Funding & Investment (Including Accounting & Audit) Risks Summary

Risk no:	Risk	Strategic objective at risk (see key)	Risk category	Impact (see key)	Likelihood (see key)	Risk Status	Internal controls in place	Further Action?	Owner	Last Updated	Previous Impact	Previous Likelihood	Previous Risk Status	Risk removed (date)
Key Risks (ranked 8 or above):														
1	Contributions to the Fund are not received on the correct date and for the correct amount.	1,8,9,&16	Asset/Investment	4	2		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 pay monthly contributions .Cash Management Strategy is in place. A procedure is in place to identify non-payment and late payment of contributions as defined in the Late Payment Policy. Internal Audit reviews take place on a regular basis and external audit review the accounts annually.		Funding/Investments	30/01/2017				
3	Investment decisions and portfolio management may not maximise returns or be performed in accordance with instructions provided.	1,2,3&19	Asset/Investment	4	2		The ISC receives quarterly performance reports provided by recognised industry professional, this considers both strategic and operational aspects of investment. In addition officers in partnership with Fund advisers manage an asset allocation review plan, reported to ISC in quarterly meetings.		Funding/Investments	30/01/2017				
5	Fund assets are not sufficient to meet obligations and liabilities as they become payable.	2,16,17&19	Asset/Investment	5	2		Investments are regularly valued by Investment Managers and provided to the Fund. Quarterly updates are provided to the Investment Sub Committee. The ISC receives quarterly performance reports provided by recognised industry professional, this considers both strategic and operational aspects of investment. In addition officers in partnership with Fund advisers manage an asset allocation review plan, reported to ISC in quarterly meetings. Funding Strategy Statement reviewed every 3 years to ensure it remains relevant.		Funding/Investments	30/01/2017				
7	Failure to respond to changes in economic conditions	15&16	Asset/Investment	4	3		To consider economic conditions impacting on Investments by regular engagement with Investment industry professionals, highlighting issues arising in the Funds quarterly investment monitoring reports, provided by recognised industry professionals, which considers both strategic and operational aspects of investment. Officers in partnership with Fund advisers, undertake asset allocation strategy reviews, on a triennial basis or more frequently should the need arise, which considers economic conditions and the various key risks of investing in a long term strategy, mindful of relevant investment regulations.		Funding/Investments	30/01/2017				
11	Mismatch in asset returns and liability movements result in increased employer contributions	18	Asset/Investment	2	4		The Fund undertakes a comprehensive asset allocation review following the completion of a valuation process to ensure matching of assets and liabilities is reviewed.		Funding/Investments	30/01/2017				
16	Market yields move at variance with actuarial assumptions resulting in increases in liability, reduced solvency levels and increased employer contribution rates	18	Asset/Investment	4	4		The ISC receives quarterly performance reports provided by recognised industry professional, this considers both strategic and operational aspects of investment. In addition officers in partnership with Fund advisers manage an asset allocation review plan, reported to ISC in quarterly meetings. Quarterly performance reports are provided to the Pensions Investment Sub Committee.		Funding/Investments	30/01/2017				
New Risks:														
1	Contributions to the Fund are not received on the correct date and for the correct amount.	1,8,9,&16	Asset/Investment	4	2		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 pay monthly contributions .Cash Management Strategy is in place. A procedure is in place to identify non-payment and late payment of contributions as defined in the Late Payment Policy. Internal Audit reviews take place on a regular basis and external audit review the accounts annually.		Funding/Investments	30/01/2017				

2	Custody arrangements may not be sufficient to safeguard Pension Fund assets	1,2,&3	Asset/Investment	5	1	Complete and authorised agreements are in place with external custodian. External custodian's compliance with ICAEW's Audit and Assurance Faculty's guidance on internal controls of service organisations. Officers of the Fund engage in quarterly monitoring of custodian performance with an annual report presented to the July Pensions Committee by an external monitoring professional. Monitoring of the custodian.		Funding/Investments	30/01/2017					
3	Investment decisions and portfolio management may not maximise returns or be performed in accordance with instructions provided.	1,2,3&19	Asset/Investment	4	2	The ISC receives quarterly performance reports provided by recognised industry professional, this considers both strategic and operational aspects of investment. In addition officers in partnership with Fund advisers manage an asset allocation review plan, reported to ISC in quarterly meetings.		Funding/Investments	30/01/2017					
4	Failure to invest surplus contributions	16,17&19	Asset/Investment	2	2	Cash flow monitoring and rebalancing is undertaken with tolerances set on material variances on allocation, circa 5% with an annual perspective preferred to avoid short term volatility and unnecessary cost. Review of the policy is pending the approval of the Funds Investment Strategy Statement, now planned for March 2017, following government slippage in issuing the revised investment regulations. Cash Management Policy in place.		Funding/Investments	30/01/2017					
5	Fund assets are not sufficient to meet obligations and liabilities as they become payable.	2,16,17&19	Asset/Investment	5	2	Investments are regularly valued by Investment Managers and provided to the Fund. Quarterly updates are provided to the Investment Sub Committee. The ISC receives quarterly performance reports provided by recognised industry professional, this considers both strategic and operational aspects of investment. In addition officers in partnership with Fund advisers manage an asset allocation review plan, reported to ISC in quarterly meetings. Funding Strategy Statement reviewed every 3 years to ensure it remains relevant.		Funding/Investments	30/01/2017					
6	Pension Fund Investments may not be accurately valued	2,10,17&18	Asset/Investment	2	2	Investment strategy in accordance with LGPS investment regulations. The strategy is documented, reviewed and approved by the Pensions Committee. An external advisor provides specialist guidance to Officers on the investment strategy. Officers of the Fund engage in quarterly monitoring of custodian performance with an annual report presented to the July Pensions Committee by an external monitoring professional. Monitoring of the custodian, Where variances between custodian and manager valuations arise officers engage with both parties to investigate and agree variances. This is particularly important in the year end process where external audit review processes and values, reporting material variances where necessary.		Funding/Investments	30/01/2017					
7	Failure to respond to changes in economic conditions	15&16	Asset/Investment	4	3	To consider economic conditions impacting on Investments by regular engagement with Investment industry professionals, highlighting issues arising in the Funds quarterly investment monitoring reports, provided by recognised industry professionals, which considers both strategic and operational aspects of investment. Officers in partnership with Fund advisers, undertake asset allocation strategy reviews, on a triennial basis or more frequently should the need arise, which considers economic conditions and the various key risks of investing in a long term strategy, mindful of relevant investment regulations.		Funding/Investments	30/01/2017					

8	Pension Fund accounts are not accurately maintained	2&10	Asset/Investment	1	1		The Fund has a service wide engagement on ensuring the individual employer accounts are accurately reflected. 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. In addition the Systems and Employers team conduct membership year end reconciliation in the late summer / autumn and investigate variations from the accounting valuations. In terms of pensioner payroll the service is implementing a new process to stream line and provide additional assurance over pensioner payments made. Management and administration are maintained in accordance with the SORP and the Financial Regulations. Reconciliations are carried out on a regular basis. There is an internal and external review of the accounts annually.		Funding/Investments	30/01/2017					
9	If liquidity is not managed correctly, assets may need to be sold at unattractive times or investment opportunities missed as cash is unavailable		17 Asset/Investment	2	2		Limit on illiquid assets and diversification of assets and asset risk is under regular review, currently alternative investments are being considered in particular the role they play to support Fund fiduciary objectives. Projections of expected cash flows through business planning. The Fund considers cash flow over a three year profile, currently indicating a cash flow positive position; officers are monitoring the impact of structural changes with employers in the Fund and will report in due course. In addition the triennial valuation considers the longer term perspective, the 2016 valuation is ongoing.		Funding/Investments	30/01/2017					
10	Illiquidity of certain markets and asset classes and difficulty in realising investments and paying benefits as they fall due.	16,17&18	Asset/Investment	2	2		Limit on illiquid assets and diversification of assets and asset risk is under regular review, currently alternative investments are being considered in particular the role they play to support Fund fiduciary objectives. Projections of expected cash flows through business planning. The Fund considers cash flow over a three year profile, currently indicating a cash flow positive position; officers are monitoring the impact of structural changes with employers in the Fund and will report in due course. In addition the triennial valuation considers the longer term perspective, the 2016 valuation is ongoing.		Funding/Investments	30/01/2017					
11	Mismatch in asset returns and liability movements result in increased employer contributions		18 Asset/Investment	2	4		The Fund undertakes a comprehensive asset allocation review following the completion of a valuation process to ensure matching of assets and liabilities is reviewed.		Funding/Investments	30/01/2017					
12	Frequency of early retirement's increases to levels in excess of the actuarial assumptions adopted, resulting in increases required in employers' contributions.		18 Asset/Investment	1	1		Regular monitoring of early retirement experience being exhibited by the actuary based on evidential analysis with regular communications with employers, including awareness of potential strain costs associated with early retirement decisions. In addition a survey with employers to seek future staff resource feedback to inform a review of funding implications and actions that could be considered to mitigate. Money received upfront for employers and Ill Health Insurance in place.		Funding/Investments	30/01/2017					
13	Mortality rates continue to increase, in excess of the allowances built into the evidence based actuarial assumptions, resulting in increased liabilities, reduced solvency levels and increased employer contributions.		18 Asset/Investment	2	2		Monitoring of mortality experience factors being exhibited by the fund members by fund actuary and consequent variation of the actuarial assumptions based on evidential analysis. Club Vita looks at local level mortality rates to gain a more accurate picture.		Funding/Investments	30/01/2017					
14	Unanticipated onset of cash flow negative position, potentially requiring as hoc repositioning of assets		19 Asset/Investment	2	1		See responses above, in particular employer survey and cash flow monitoring processes, including annual business plan and medium term strategy report. Regular monitoring and the ability to change Fund Investment Strategy when appropriate.		Funding/Investments	30/01/2017					
15	Failure to act upon expert advice or risk of poor advice	17,18,19&20	Asset/Investment	2	2		Investment consultants and independent advisors appointed. Committee decisions and oversight by the Local Pension Board.		Funding/Investments	30/01/2017					
16	Market yields move at variance with actuarial assumptions resulting in increases in liability, reduced solvency levels and increased employer contribution rates		18 Asset/Investment	4	4		The ISC receives quarterly performance reports provided by recognised industry professional, this considers both strategic and operational aspects of investment. In addition officers in partnership with Fund advisers manage an asset allocation review plan, reported to ISC in quarterly meetings. Quarterly performance reports are provided to the Pensions Investment Sub Committee.		Funding/Investments	30/01/2017					

17	Pay and consumer price inflation significantly different from actuarial assumptions resulting in increases required in employer's contributions.	9&17	Asset/Investment	2	2	<div></div> Analyse assumptions and actual experience through triennial valuations, ensure assumptions are appropriate. Early engagement with employers.	Funding/Investments	30/01/2017				
Removed Risks:												
None												
Key Changes (moved by 3 or more):												
None												

Administration and Communication

Impact	Administration & Communication Risks																																									
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Administration & Communication Risks Summary

Risk no:	Risk	Strategic objective at risk (see key)	Risk category	Impact (see key)	Likelihood (see key)	Risk Status	Internal controls in place	Further Action?	Owner	Last Updated	Previous Impact	Previous Likelihood	Previous Risk Status	Risk removed (date)
Key Risks (ranked 8 or above):														
6	Failure to manage the resources associated with increasing volumes of employing bodies entering the Fund, leading to unachieved targets.	8	Administration	4	2		Continually monitor staffing position against new employers entering the Fund, multi skilled staff to help manage peak demands.		Operations	30/01/2017				
7	Employers unable to pay increased contribution rates, which could lead to employers defaulting on their contributions.	9	Administration	4	3		Review of employer covenant, looking at the terms of the admission agreement and bond/guarantor arrangements. Negotiate terms of deficit recovery whilst keeping employer contribution rates as stable and affordable as possible.		Operations	30/01/2017				
12	Failure to include all required information in documents issued to members under disclosure regulations	14	Administration	5	2		Legislation officers keep up to date with disclosure regulations and distribute knowledge to teams accordingly via relevant websites, seminars and working groups. Letters are generated through task management for consistency and are checked before being sent out.		Operations	30/01/2017				
New Risks:														
1	Failure to protect the Fund if an Employer is unable to meet liabilities	6&7	Administration	2	2		Bond and guarantor arrangements in place for new admitted bodies. Admitted bodies, Scheme employer and bulk transfer policy detailing specific requirements of each type of employer in the Fund. Funding Strategy Statement.		Operations	30/01/2017				
2	Administering authority unaware of structural changes in an employer's membership, or not being advised of an employer closing to new entrants, meaning the contribution level becomes inappropriate requiring review and increase.	6	Administration	2	1		Employers are made aware of their responsibilities upon admission via the LGSS website and through direct employer communications. Risk assessments are carried out and open dialogue with the dedicated employer's team to ensure information is shared.		Operations	30/01/2017				
3	An employer ceasing to exist with insufficient funding, adequacy of bond or guarantee. Without the required cover the Fund will pick up the shortfall leading to increased contribution rates for other employers.	7	Administration	2	3		Assess the strength of individual employer covenant in conjunction with the actuary and look at what bond/guarantor arrangements are in place in regards to deficit recovery. Close liaison with Employers in managing exit strategy in line with the Admitted bodies, Scheme employers and transfer policy and FFS. Ensure individual employers are monitored closely to pre-empt when they are likely to cease and put in arrangements to recover as much deficit as possible over the period.		Operations	30/01/2017				
4	Lack of understanding of employer responsibilities which could result in a statutory deadline being missed.	8	Administration	2	3		Employers are made aware of their responsibilities upon admission via the LGSS website and through direct employer communication. The importance of a statutory deadline is stressed to the employer through these communications and via events such as the employer forums. Support is also available through the dedicated employers help line and templates issued where applicable (i.e. Year-end template with supporting notes)		Operations	30/01/2017				
5	Failure to apply and demonstrate fairness in the differentiated treatment of different fund employers by reference to their own circumstances and covenant.	9	Administration	2	1		At each triennial actuarial valuation an analysis is carried out to access covenant and affordability on a proportional basis. Communication with employers at the earliest opportunity to address any pending issues. Funding Strategy Statement for which employers are consulted on. Administration Policy and Transfer, Scheme Employers and Bulk Transfer Policy in operation.		Operations	30/01/2017				
6	Failure to manage the resources associated with increasing volumes of employing bodies entering the Fund, leading to unachieved targets.	8	Administration	4	2		Continually monitor staffing position against new employers entering the Fund, multi skilled staff to help manage peak demands.		Operations	30/01/2017				
7	Employers unable to pay increased contribution rates, which could lead to employers defaulting on their contributions.	9	Administration	4	3		Review of employer covenant, looking at the terms of the admission agreement and bond/guarantor arrangements. Negotiate terms of deficit recovery whilst keeping employer contribution rates as stable and affordable as possible.		Operations	30/01/2017				

Risk no:	Risk	Strategic objective at risk (see key)	Risk category	Impact (see key)	Likelihood (see key)	Risk Status	Internal controls in place	Further Action?	Owner	Last Updated	Previous Impact	Previous Likelihood	Previous Risk Status	Risk removed (date)
8	Failure to gain efficiencies through joint working arrangements leading to higher administration costs, leading to lack of value for money.	10	Administration	2	2		Working within LGSS where possible to achieve efficiencies. Working with the Communication group consisting of 6 other funds to gain efficiencies with items such as newsletters and statements. Comparisons are made with other Funds via CIPFA bench marking. Administration costs are monitored closely and reported to the pensions committee via business plan updates.		Operations	30/01/2017				
9	Unable to deliver pension services due to unavailability of staff leading to unachieved targets.	8	Administration	2	2		Business continuity plan in place which includes the ability for staff to work remotely to meet the demands of the service. Multi skilling across the service for flexibility.		Operations	30/01/2017				
10	Effective performance management is not in place for the administration of the Fund	1,2,3&8	Administration	2	2		Performance management reports are produced and shared with the management team on a monthly basis. Teams/individuals with performance issues are addressed via team leaders in 1:1s and PADP processes. A performance framework is in place and quarterly updates of performance are provided to the Pensions Committee and Local Pension Board for comment. Employer performance is also monitored and poor performance is addressed.		Operations	30/01/2017				
11	Inconsistencies in delivery due to failure to properly document processes and procedures	13	Administration	1	1		Task management ensures that processes are adhered to and officers are guided to ensure correct information is sent and messages are consistent. All calculations and corresponding letters are checked before they leave the office.		Operations	30/01/2017				
12	Failure to include all required information in documents issued to members under disclosure regulations	14	Administration	5	2		Legislation officers keep up to date with disclosure regulations and distribute knowledge to teams accordingly via relevant websites, seminars and working groups. Letters are generated through task management for consistency and are checked before being sent out.		Operations	30/01/2017				
13	Contributions are not processed and recorded appropriately in a timely manner.	2,10,11&16	Administration	2	2		Sufficient resources in place and structured appropriately to carry out the necessary transaction processing. Internal Audit reviews take place on a regular basis and external audit reviewing processes annually		Operations	30/01/2017				
14	Failure to recognise the needs/requirements of our customers	15	Administration	2	1		Feedback requested from customers post training events, member customer satisfaction questionnaires and employer customer satisfaction questionnaires sent annually. Employer forum workshops. Effectiveness review of the Committee on a yearly basis.		Operations	30/01/2017				
15	Failure to attract and retain members in the LGPS	12	Administration	3	2		Engagement with stakeholders via the website, factsheets, forums, bulletins and road shows.		Operations	30/01/2017				
16	Failure to communicate adequately with scheme members and scheme employers	1,2,3,10,12,13,14&15	Administration	3	2		A communication Strategy is in place and reviewed at least annually. Website regularly updated. Newsletters are published annually. Regular employer forums. Annual Benefit Statements produced and distributed.		Operations	30/01/2017				
17	Events relating to Scheme members e.g. Joining the scheme, transfers in and out and retirements are not processed and recorded adequately.	10,11&14	Administration	3	2		Procedure notes detailing all key processes are in place. Induction and training procedures are in place. Adequate staff resources are in post. An overview of pension administration is provided to the Pensions Committee.		Operations	30/01/2017				
18	Records are not accurate or do not reflect changes in circumstances.	10&11	Administration	3	2		Records are supported by appropriate documentation, input and output checks are undertaken. Regular reviews of data quality in line with the Public Service Pensions (Record keeping and misc. amendments) Regulations 2014.		Operations	30/01/2017				
19	Pension Fund systems and data may not be secure and appropriately maintained.	10&11	Administration	5	1		System user controls are in place including regular password changes. Access rights are controlled. Data is backed up. Audit trails are in place. Pension system is protected against viruses and other system threats. The pensions administration system is regularly updated to ensure LGPS requirements are met.		Operations	30/01/2017				
Removed Risks:														
None														
Key Changes (moved by 3 or more):														
None														

CAMBRIDGESHIRE PENSION FUND



Pensions Committee

Date: 23 March 2017

Report by: Head of Pensions

Subject:	Cambridgeshire Pension Fund Revised Training Strategy 2016.
Purpose of the Report	To present the Cambridgeshire Pension Fund Revised Training Strategy to members of the Committee.
Recommendations	The Committee are asked to approve the attached Cambridgeshire Pension Fund Training Strategy located in the appendix to this report.
Enquiries to:	Name – Joanne Walton – LGSS Pensions Governance and Regulations Manager Tel – 01604 367030 E-mail – jwalton@northamptonshire.gov.uk

1. Background

- 1.1 The Training Strategy is required to assist the Pensions Committee in performing and developing their individual role with the ultimate aim of ensuring that Cambridgeshire Pension Fund is managed and assisted by individuals who have the appropriate level of knowledge and skills as required by the Pensions Act 2004 also enforced by the Pensions Regulator.
- 1.2 The Training Strategy was presented to the Pensions Committee on 8 December 2016 and it was agreed that the strategy would be presented again in March 2017 with required changes made.

2. Revisions made to the Training Strategy presented at the December 2016 Pensions Committee

- 2.1 Section 8 of the Strategy has been amended to reflect the following –
 - Committee members are ‘desired’ to have a minimum level of training credits rather than ‘expected as in the previous version;
 - ‘All other relevant training’ has been included into the method of attaining training credits to allow for relevant training obtained in other capacities to be acknowledged;
 - ‘Induction training upon appointment’ has been included into the method of attaining credits to ensure a level of training is provided from appointment to support decision making;
 - ‘Training provided/organised by the LGSS Pensions Service’ has been included into the method of attaining training credits to ensure all training whether formal or informal is acknowledged;

- The number of credits have been reduced from 29 for the Chairman and 25 for members to 18 for all members on a rolling 2 year period; and
- A training record will be kept for each member and sent to each individual after credits are attained to ensure members are aware of the credits that have been attained and can monitor regularly.

3. Next Steps

- 3.1 Upon approval of the Training Strategy, members of the Committee will be provided with a training needs analysis questionnaire and upon completion individual training plans will be created and training records developed for use.

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. *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 attributes 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*

5. Finance & Resources Implications

- 5.1 Consideration will be given to various training resources available in delivering required training to Members of the Pension Committee and in the most efficient manner.

6. Risk Implications

- a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
Insufficient resources being available to deliver or arrange the required training	Officers of the Fund will monitor these risks and will act accordingly in the best interest of the Fund in conjunction with the Chairman of the Cambridgeshire Pension Committee/ Chairman of the Local Pension Board or Full Council where appropriate.	Amber
The quality of advice or training provided is not to an acceptable standard		Amber
Changes in membership potentially diminishing knowledge and understanding		Amber
Poor attendance at training and/or formal meetings resulting in poor standard of knowledge accrual and maintenance of knowledge		Amber

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

Risk	Risk Rating
If the policy is not approved or enacted non-compliance with the Pension Regulator's Code of Practice and Section 248A of The Pensions Act 2004 may result.	Red

7. Communication Implications

Website	The Knowledge Management Policy will be published on the LGSS Pensions Service website.
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8. Legal Implications

8.1 Not applicable

9. Consultation with Key Advisers

9.1 Hymans Robertson, the Fund's Benefits and Governance Adviser from were consulted in the drafting of this policy.

10. Alternative Options Considered

10.1 Not applicable

11. Background Papers

11.1 Not applicable

12. Appendices

12.1 **Appendix 1** – Cambridgeshire Pension Fund Training Strategy 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?	No
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	Sarah Heywood – 6/3/2017
Has this report been cleared by Deputy Head of Pensions?	Mark Whitby – 3/2/2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 6/3/2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 3/3/2017

Cambridgeshire Pension Fund

Training Strategy

2016

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1. Introduction

- 1.1 This is the training strategy for the Cambridgeshire Pension Fund.
- 1.2 The training strategy is established to aid the Pension Committee and Local Pension Board members in performing and developing personally in their individual roles and to equip them with the necessary skills and knowledge to act effectively in line with their responsibilities. A Code of Practice and a Knowledge and Skills Framework have been developed by CIPFA which Local Government Pension Scheme (LGPS) funds are expected to sign up to.
- 1.3 The objective of the CIPFA Knowledge and Skills Framework is to determine and set out the knowledge and skills sufficient to enable the effective analysis and challenge of decisions made by officers and advisers to the Pensions Committee.
- 1.4 CIPFA subsequently extended the framework to cover the training and development of Local Pension Board members. The objective is to improve knowledge and skills in all the relevant areas of activity of a Local Pension Board and assist Local Pension Board members in achieving the degree of knowledge appropriate for the purposes of enabling members to properly exercise their functions.
- 1.5 The Public Service Pensions Act 2013 has also amended The Pensions Act 2004 requiring the Pensions Regulator to issue a Code of Practice relating to the requirements of the knowledge and understanding of Local Pension Boards.
- 1.6 Guidance covering the knowledge and understanding of Local Pension Boards in the LGPS was also issued by the Scheme Advisory Board (SAB) in January 2015. Although this has not been designated as statutory guidance it should be acknowledged as best practice.
- 1.7 The training necessary to achieve the additional knowledge and skills will be set out in the appropriate training plan(s) and assessed and recorded.

2. Purpose of the Strategy

2.1 Strategy Objectives

- 2.1.1 The Cambridgeshire Pension Fund objectives relating to knowledge and skills are to:
 - Ensure the Cambridgeshire Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise;
 - Ensure the Cambridgeshire Pension Fund is effectively governed and administered; and
 - Ensure decisions are robust, are well founded and comply with regulatory requirements or guidance from the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for Communities and Local Government

2.1.2 To achieve these objectives –

2.1.3 Members of the Pension Committee require an understanding of:

- Their responsibilities as delegated to them by Cambridgeshire County Council as an administering authority of an LGPS fund;
- The fundamental requirements relating to pension fund investments;
- The operation and administration of the Cambridgeshire Pension Fund;
- Controlling and monitoring the funding level; and
- Effective decisions in the management of the Cambridgeshire Pension Fund.

2.1.4 Local Pension Board members must be conversant with –

- The relevant LGPS Regulations and any other regulations governing the LGPS;
 - Any document recording policy about the administration of the Cambridgeshire Pension Fund;
- and have knowledge and understanding of:
- The law relating to pensions; and
 - Such other matters as may be prescribed.

2.1.5 To assist in achieving these objectives, the Cambridgeshire Pension Fund will aim for full compliance with the CIPFA Knowledge and Skills Framework and Code of Practice to meet the skill set within that Framework. Attention will also be given to the guidance issued by the Scheme Advisory Board, the Pensions Regulator and guidance issued by the Secretary of State. So far as is possible, targeted training will also be provided that is timely and directly relevant to the Pension Committee's and the Local Pension Board's activities as set out in the Fund Business Plan. For example, funding training will be given immediately preceding the meeting that discusses the Funding Strategy Statement.

2.1.6 In addition to the Pension Committee and Local Pension Board members, all those with decision making responsibility in relation to LGPS will:

- have their knowledge measured and assessed;
- receive appropriate training to fill any knowledge gaps identified; and
- seek to maintain their knowledge.

2.2 How the strategy meets Cambridgeshire Pension Fund Objectives

2.2.1 The strategy meets the following objectives of the Cambridgeshire Pension Fund as set out in the Business Plan and Medium Term Strategy -

- 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; and
- Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate

3. Effective date

- 3.1 This strategy was approved by the Pension Committee on XX and is effective from XX.

4. Review

- 4.1 This strategy is expected to be appropriate for the long-term but it will be reviewed annually, and if necessary, more frequently to ensure it remains accurate and relevant.

5. Scope

- 5.1 This policy applies to -
- members of the Pension Committee;
 - members of the Local Pension Board; and
 - officers of the Fund

6. Delivery of Training

6.1 Training Resources

- 6.1.1 Consideration will be given to various training resources available in delivering training to the Pension Committee and Local Pension Board members. These may include but are not restricted to:

For Pension Committee and Local Pension Board Members	For Officers
<ul style="list-style-type: none"> • In-house – shared training events where possible • Self-improvement and familiarisation with regulations and documents • The Pension Regulator's e-learning programme • Attending courses, seminars and external events • Internally developed training days and pre/post meeting sessions • Shared training with other funds or frameworks • Regular updates from officers and/or advisers • Circulated reading material 	<ul style="list-style-type: none"> • Desktop / work based training • Attending courses, seminars and external events • Training for qualifications from recognised professional bodies (e.g. CIPFA, CIPP, PMI) • Internally developed sessions • Shared training with other funds or frameworks • Circulated reading material

6.2 Training Plans

6.2.1 To be effective, training must be recognised as a continual process and will be centred on 3 key points

- The individual;
- The general pensions environment;
- Coping with change and hot topics.

6.2.2 Training plans will be developed at least on an annual basis. These will be updated as required taking account of the identification of any knowledge gaps, changes in legislation, key events (e.g. the triennial valuation) and receipt of updated guidance.

6.2.3 Induction training will be provided for all new officers with pension responsibilities, members of the Pension Committee and members of the Local Pension Board. This will involve covering the requirements of the training strategy alongside guidance and information on the requirements of their roles.

6.3 External Events

6.3.1 A log of potential external events which may count towards credits will be maintained on an ongoing basis. This will be updated as information on events becomes available and will be provided at Pension Committee and Local Pension Board meetings. If an event occurs before the next meeting is convened, members will be advised by email.

6.3.2 After attendance at an external event, Pension Committee and Local Pension Board members will be expected to provide feedback via a feedback form which will be issued by Officers covering the following points:

- Their view on the value of the event and the merit, if any, of attendance;
- A summary of the key learning points gained from attending the event; and
- Recommendations of any subject matters at the event in relation to which training would be beneficial to other Pension Committee or Local Pension Board members.

6.3.3 Officers attending external events will be expected to report to their direct line manager with feedback covering the following points:

- Their view on the value of the event and the merit, if any, of attendance;
- A summary of the key learning points gained from attending the event; and
- Recommendations of any subject matters at the event in relation to which training would be beneficial to other officers.

7. Ongoing development

7.1 Maintaining Knowledge

7.1.1 In addition to undertaking on-going assessment in order to measure knowledge and skills against the CIPFA requirements and identify knowledge gaps, Officers, Pension Committee and Local Pension Board members are expected to maintain their knowledge of on-going developments and issues through attendance at external events and seminars.

7.2.1 Appropriate attendance at events for representatives of the Pension Committee and Local Pension Board will be agreed by the appropriate Chairman. Attendance at events for officers will be agreed via their relevant line manager.

7.2.2 A list of future events and seminars will be presented at each Pension Committee and Local Pension Board meeting. If an event occurs before the next meeting is convened, members will be advised by email.

7.2.3 The Head of Pensions will decide an appropriate level of credits for attendance at an event depending on the type of event, its content and relevance to knowledge maintenance but based on the guide given in section 8 below. The level of credit may then be re-evaluated when receiving feedback (see 6.3 above).

7.2.4 In any event, attendance at events and seminars (which may include some internal training sessions) that are not direct training courses focussed on the CIPFA Knowledge Skills Framework or issued guidance but enhance and improve related on-going and emerging pension knowledge will count as one credit for each session of up to a half day.

- 7.2.5 Owing to the changing world of pensions, it will also be necessary to have ad hoc training on emerging issues or on a specific subject on which a decision is to be made by the Committee in the near future or is subject to review by the Board. These will also count as credits in maintaining knowledge.
- 7.2.6 Given the importance of the roles of Chairman of the Pension Committee and Chairman of the Local Pension Board in leading and shaping the direction of their respective bodies, it is expected that they will both be able to demonstrate an additional level of knowledge and skills to that required by the other members of the Pension Committee and Local Pension Board.

8. Recording Training

8.1 Training Credits

- 8.1.1 As a measure of training given or knowledge level, Pension Committee and Local Pension Board members are desired to have a minimum level of training credits. Credits will be awarded in recognition of attendance at training events, successful completion of recognised training assessment or for attendance at relevant industry events or seminars. This approach recognises that members of the Pension Committee and Local Pension Board may have different learning styles, while at the same time requiring that an appropriate core level of knowledge is attained.
- 8.1.2 Credits will be awarded in accordance with the following guide:

Method of attaining credit	Number of credits awarded
Completion of a single module of the Pensions Regulators e-learning toolkit. There are 7 modules in total.	1 credit per module passed and valid for 2 years.
Completion of a module of the CIPFA Knowledge and Skills Framework. 8 modules in total with 4 events scheduled per year.	2 credits per module passed and valid for 2 years (a pass being awarded for achieving at least 2/3rds of the available marks).
Successful completion on a knowledge assessment upon appointment to either the Committee or Board.	2 credits valid for 2 years.
Successful completion of a knowledge assessment following a training event organised by the Cambridgeshire Pension Fund. This would typically be held as part of a full Pension Committee or Local Pension Board meeting. There will be a minimum of 2 training sessions per year.	1 credit per session and valid for 2 years.
Attendance at an approved conference, seminar or external training event	2 credit for a full day's attendance. 1 credit for a half day's attendance. Credits valid for 2 years
All other relevant training	1 credit – member to inform officers of training undertaken
Induction training upon appointment	2 credits
Training provided/organised by the LGSS Pensions Service	2 Credits

8.2 Number of credits required

- 8.2.1 Members of the Committee and Local Pension Board will each be expected to accumulate 18 credits over a rolling 2 year period.
- 8.2.2 Credits can be obtained in any combination but the credit level has been set at a level which will require commitment to and attendance at Cambridgeshire Pension Fund training events as well as successful completion of training assessments. Credits will be measured and monitored by LGSS Pensions in conjunction with the Chairman of the Committee or Board over rolling 2-year period.

- 8.2.3 It is acknowledged that where an individual is new to the role there will be a lead-in period before the member will be expected to demonstrate the full range of knowledge and skills. New members will be encouraged to undertake induction training within 6 months of appointment.
- 8.2.4 A training record will be sent to members after each credit is attained to ensure members are able to keep a personal record of training undertaken and to monitor the credits they have attained.

8.3 Scorecard

- 8.3.1 For the purposes of disclosing the level of knowledge and understanding of through the scorecard mechanism, the following will be recorded separately for the Pension Committee and Local Pension Board:
- Total number of credits possible collectively in the period in question for a new member joining after that date;
 - Total number of credits achieved collectively in the same period.
- 8.3.2 The latter score will be flagged as green if this represents at least 90% of the potential target, amber for between 60% and 89% (inclusive) and red if below 60%.
- 8.3.3 Separately, LGSS Pensions will hold a record of each individual's training credits split between attendance and assessment and will be shared with the chairman of the relevant Pension Committee or Local Pension Board on an annual basis.

9. CIPFA Requirements

9.1 CIPFA Knowledge and Skills Framework

- 9.1.1 In January 2010 CIPFA launched technical guidance for Elected Representatives on s101 Pension Committees and non-executives in the public sector within a knowledge and skills framework. The framework covers six areas of knowledge identified as the core requirements:
- Pensions legislative and governance context;
 - Pension accounting and auditing standards;
 - Financial services procurement and relationship development;
 - Investment performance and risk management;
 - Financial markets and products knowledge; and
 - Actuarial methods, standards and practice.
- 9.1.2 The Knowledge and Skills Framework sets the skills required for those responsible for pension scheme financial management and decision making under each of the above areas in relation to understanding and awareness of regulations, workings and risk in managing LGPS funds.

9.2 Local Pension Boards: A Technical Knowledge and Skills Framework

9.2.1 In August 2015 CIPFA extended the Knowledge and Skills Framework to specifically include members of Local Pension Boards, albeit there exists an overlap with the original Framework. The Framework identifies the following areas as being key to the understanding of local pension board members;

- Pensions Legislation;
- Public Sector Pensions Governance;
- Pensions Administration;
- Pensions Accounting and Auditing Standards;
- Pensions Services Procurement and Relationship Management;
- Investment Performance and Risk Management;
- Financial markets and product knowledge;
- Actuarial methods, standards and practices.

9.3 CIPFA's Code of Practice on Public Sector Pensions Finance, Knowledge and Skills (the "Code of Practice")

9.3.1 CIPFA's Code of Practice, issued in 2013, embeds the requirements for the adequacy, acquisition, retention and maintenance of appropriate knowledge and skills required. It recommends (amongst other things) that LGPS administering authorities:

- formally adopt the CIPFA Knowledge and Skills Framework in its knowledge and skills statement;
- ensure the appropriate policies and procedures are put in place to meet the requirements of the Framework (or an alternative training programme);
- publicly report how these arrangements have been put into practice each year.

9.3.2 The Cambridgeshire Pension Fund fully supports the intentions behind CIPFA's Code of Practice and has agreed to formally adopt its principles. This training strategy formally sets out the arrangements the Cambridgeshire Pension Fund will take in order to comply with the principles of the Code of Practice.

10. Guidance from the Scheme Advisory Board

10.1 General Principles

- 10.1.1 The Scheme Advisory Board has taken note of the regulatory requirements and the principles of the Pension Regulator's Code of Practice and in January 2015 published Guidance for administering authorities to support them in establishing their Local Pension Board. The Guidance includes a section designed to help Local Pension Board members to understand their knowledge and understanding obligations.
- 10.1.2 Knowledge and understanding must be considered in the light of the role of a Local Pension Board and Cambridgeshire Pension Fund will make appropriate training available to assist and support members in undertaking their role.

10.2 Committee Members

- 10.2.1 Although the CIPFA Knowledge and Skills Framework complements the Code of Practice that should be adopted by administering authorities there is no legal requirement for knowledge and understanding for members of an s101 Pension Committee. However the view of the Cambridgeshire Pension Fund is that members of the Pension Committee should have no less a degree of knowledge and skills than those required in legislation by the Local Pension Board. Sections 10.3 to 10.5 below are therefore still relevant in the consideration of the training needs of Pension Committee members.

10.3 Degree of Knowledge and Understanding

- 10.3.1 The role of the Local Pension Board is to assist the Scheme Manager i.e. the administering authority. To fulfil this role, Local Pension Board members should have sufficient knowledge and understanding to challenge failure to comply with regulations, any other legislation or professional advice relating to the governance and administration of the LGPS and/or statutory guidance or Codes of Practice.
- 10.3.2 Local Pension Board members should understand the regulatory structure of the LGPS and the documentary recording of policies around the administration of the Cambridgeshire Pension Fund in enough detail to know where they are relevant and where it will apply.

10.4 Acquiring, Reviewing and Updating Knowledge and Understanding

- 10.4.1 Local Pension Board members should commit sufficient time in their learning and development and be aware of their responsibilities immediately they take up their position. The Cambridgeshire Pension Fund will therefore provide induction training for all new Board members.

10.5 Flexibility

10.5.1 It is recognised that a rigid training plan can frustrate knowledge attainment when too inflexible to reflect a change in pension law or new responsibilities required of the Local Pension Board. Learning programmes will therefore be flexible to deliver the appropriate level of detail required.

11. The Pensions Regulator

11.1 E-learning toolkit

11.1.1 The Regulator has developed an on line tool designed to help those running public service schemes to understand the governance and administration requirements in the public service schemes Code of Practice. The toolkit is an easy to use resource and covers 7 short modules. These are:

- Conflicts of Interests;
- Managing Risk and Internal Controls;
- Maintaining Accurate Member Data;
- Maintaining Member Contributions;
- Providing Information to Members and Others;
- Resolving Internal Disputes;
- Reporting Breaches of the Law.

11.1.2 These modules are designed to apply to all public service schemes and are not LGPS specific. The toolkit is designed specifically with Local Pension Board members in mind; however in the view of Cambridgeshire Pension Fund the material covered is of equal relevance to members of the Pension Committee. Completion of the toolkit will not in itself provide Pension Committee and Local Pension Board members with all the information they require to fulfil their knowledge and skills obligations. It does however provide a good grounding in some general areas and all members of both the Pension Committee and Local Pension Board will be expected to complete the full 7 modules over time.

12. Training records and certification

12.1 Progress and achievement

12.1.1 Training plans will be used to document and address any knowledge gaps and update areas of learning where required and assist in the acquisition of new areas of knowledge in the event of change

12.1.2 Progress and achievement will be certificated at least on an annual basis individually to all Pension Committee and Local Pension Board members.

These will detail:

- The current assessment of an individual's acquired knowledge;
- Their progress against achieving the credits from other internal/external training or events; and
- All training courses and events attended by them to date.

**CAMBRIDGESHIRE PENSION
FUND**



Pension Committee

Date: 23 March 2017

Report by: Head of Pensions

Subject:	The Pensions Regulator's Public Service Pension Scheme Compliance Assessment Tool
Purpose of the Report	To inform the Pension Committee of the extent of compliance with the Pensions Regulator's Code of Practice and actions necessary to achieve full compliance.
Recommendations	That the Pension Committee notes the content of the report.
Enquiries to:	Jo Walton – Governance and Regulations Manager, LGSS Pensions Tel: 01604 367030 E-mail: jwalton@northamptonshire.gov.uk

1. Background

- 1.1 The Public Service Pension Act 2013 introduced the framework for the governance and administration of public service pension schemes and provided an extended regulatory oversight by the Pensions Regulator.
- 1.2 The Pensions Regulator is required to issue one of more codes of practice covering specific matters relating to public service pension schemes. Code number 14 (governance and administration of public service pension schemes) came into legal effect on 1 April 2015 and sets out the legal requirements for public service pension schemes in respect of these matters. The code also contains practical guidance and standards of conduct and practice expected of those who exercise functions in relation to those legal requirements.
- 1.3 If scheme managers and the members of pension boards as well as pension committees are, for any reason, unable to act in accordance with the guidance within the code of practice or an alternative approach that meets the underlying requirements, they should consider their statutory duty under section 70 of the Pensions Act 2004 to assess and report breaches of the law.
- 1.4 The Pensions Regulator expects all schemes to carry out a thorough review of their schemes legal requirements and the guidance in the code of practice. The Pensions Regulator understands that this is a significant piece of work and has produced a tool which sets out some processes and actions that they expect to see in a well-run scheme.

- 1.5 The tool provides an indicative risk rating as well as guidance and links to further information and a template to create a plan to address any issues identified to help achieve best practice.
- 1.6 An assessment of Cambridgeshire Pension Fund's compliance with the code of practice has been undertaken and the results of which can be found in **appendix 1**.
- 1.7 Section two of this report details where full compliance has not yet been achieved and section three details the steps required and associated timescales to achieve full compliance.

2. Results of the compliance assessment

- 2.1 The Pensions Regulator's compliance assessment tool looks at three key areas:
 - Governing the scheme;
 - Managing risks and issues; and
 - Administration
- 2.2 Upon completing the self-assessment tool, the Cambridgeshire Pension Fund was compliant to the following extent:

Area	Extent of compliance / Risk Rating
Governing the scheme	86% (6 out of 7 areas achieving full compliance) / Amber
Managing risks and issues	80% (4 out of 5 areas achieving full compliance) / Amber
Administration	60% (3 out of 5 areas achieving full compliance) / Amber

3. Governing the scheme

- 3.1 The only area that the Cambridgeshire Pension Fund was not completely compliant in the section on scheme governance was with the use of training plans for members of the Local Pension Board (and Pension Committee).
- 3.2 The code of practice requires board members (and pension committee members) to have an appropriate degree of knowledge and understanding so they can perform their role properly. Members should regularly review their skills, knowledge and competencies to identify gaps and weaknesses and invest sufficient time in their learning and development. The Pensions Regulator draws attention to the use of individual training plans.
- 3.3 In order to achieve full compliance in this area, LGSS Pensions have produced a revised training strategy that is to be presented for approval by the Pension Committee at this meeting. The revised training strategy, in particular section 6.2, sets out the intended approach to the use of training plans.

4. Managing risks and issues

- 4.1 In order to achieve full compliance in this area, Cambridgeshire Pension Fund needs to be able to fully demonstrate that where services are outsourced that those outsourced providers demonstrate that they have internal controls in place.
- 4.2 The code of practice requires the scheme manager to establish and operate internal controls via use of documented systems, arrangements and procedures to ensure the scheme is run in accordance with legal requirements. This applies equally where schemes outsource services such as pensioner payroll provision in the case of Cambridgeshire Pension Fund.
- 4.3. In order to achieve full compliance in this area, LGSS are in the process of producing a service level agreement for internal traded services which will cover the provision of pensioner payroll services which are currently undertaken by LGSS Payroll and HR Transactions. Further information on this service level agreement will be presented to the Pension Committee in due course.

5. Administration

- 5.1 In order to achieve full compliance with the code of practice in the area of administration, three aspects require further development.
- 5.2 The first area where only partial compliance has been achieved is ensuring that there are documented processes in place to monitor scheme records for all membership types on an ongoing basis and that they are accurate and complete.
 - 5.2.1 The code of practice requires scheme managers to ensure that certain data is complete and accurate in respect of active, deferred, pensioner members and beneficiaries.
 - 5.2.2 Cambridgeshire Pension Fund falls short of full compliance in this area as there are currently no formal documented record keeping policy or procedures for all types of members and beneficiaries.
 - 5.2.3 LGSS Pensions have developed and are operating a variety of processes and procedures to ensure accurate and fully complete membership records. These procedures and processes range from and are not limited to the following:
 - Whilst undertaking an activity on members records (such as an estimate of retirement benefits or change of personal details) the record is checked to ensure all relevant data is present and accurate.
 - Employer Self Service is available for scheme employers to check and update information held on their scheme members. In addition, all employers are sent a cut of data each year on their scheme members to check that all information remains current and to make changes via Employer Self Service where appropriate.

- To ensure the accuracy of year end information supplied by scheme employers for use in the production of annual benefit statements, a macro-enabled excel workbook is sent to employers to capture and submit only accurate and consistent information.
 - Membership data is also checked for accuracy when submitted to the actuary for calculation of contribution rates for new employers or for triennial valuations.
- 5.2.4 To achieve full compliance in this area LGSS Pensions will produce an overarching record keeping policy that details all the processes and procedures undertaken to ensure member records are kept up to date and accurate.
- 5.2.5 It is anticipated that the record keeping policy will be presented to the Local Pension Board for comments in October 2017 and to the Pension Committee for approval in December 2017.
- 5.3 The second area of only partial compliance is with ensuring that there are fully documented controls in place that ensure scheme employers provide timely, accurate and complete data.
- 5.3.1 The code of practice requires scheme managers to keep records of specific member data of which most will come from scheme employers. Schemes should therefore ensure that employers have processes in place to provide the right data at the right time and in the required format.
- 5.3.2 LGSS Pensions are in the process of reviewing the Fund's administration strategy which is a document that sets out the standards of administrative performance for both the scheme and the scheme employers. It is proposed that the revised administration strategy will include enforceable financial penalties for consistent poor performance on the submission of accurate and timely data relating to scheme members. The administration strategy is supported by the existing payment of employee and employer pension contributions policy which provides a formal process for reporting late payment of pension contributions which are felt to be of material concern to the Pensions Regulator.
- 5.3.3 The administration strategy will be presented to the Local Pension Board for comments in April 2017 before it is presented to the Pension Committee for approval in June 2017 after which it will be subject to a 30 day consultation with scheme employers.
- 5.4 The final area where only partial compliance has been achieved is concerned with the production of a formally documented improvement plan to address any identified poor quality or missing data.
- 5.4.1 The code of practice requires schemes to continually review data and carry out a data review exercise at least once a year and ensure the necessary steps are taken to resolve any issues identified. The Pensions Regulator expects schemes to produce a fully documented data improvement plan to address issues of poor quality and missing data. The data improvement plan must contain specific data improvement measures that can be monitored and an end date within a reasonable timeframe by when complete and accurate data will be achieved.

- 5.4.2 LGSS Pensions are always working to improve the quality of incoming and existing data and in the last year made significant progress through the various methods described in section 5.2.3 of this report and other undocumented activities. For instance, the process of transferring the pensioner payroll from Oracle to Altair included a large amount of data cleansing and the ongoing project to reconcile pensioner payroll data to administration data and guaranteed minimum pension held by the scheme and HMRC will continue to see further enhancements to the quality of the schemes data.
- 5.4.3 In order to achieve full compliance in this area a formal data improvement plan is to be produced to address all areas where data quality can be improved and to incorporate the actions already being undertaken.
- 5.4.4 It is proposed that the data improvement plan will be presented to the Local Pension Board for comments in October 2017 and to the Pension Committee for approval in December 2017.

6. 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>
11. Maintain accurate records and ensure data is protected and used for authorised purposes only. <i>Objective 11</i>

7. Finance & Resources Implications

7.1 Not applicable

8. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There is no risk associated with this report		Green

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

Risk	Risk Rating
This report does not contain a proposal. However, failing to comply with the Pensions Regulator's code of practice may result in a poorly run scheme which does not deliver timely and positive outcomes for its members.	Red

9. Communication Implications

Website	All policies mentioned in this report will be made publically available via the LGSS Pensions website.
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10. Legal Implications

10.1 There are no legal implications connected to the contents of this report.

11. Consultation with Key Advisers

11.1 There has been no requirement to consult with advisers over the content of this report.

12. Alternative Options Considered

12.1 There are no alternative options to be considered.

13. Background Papers

13.1 The Pensions Regulator's Code of Practice No. 14 can be found at the following link:

<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>

14. Appendices

14.1 Appendix 1 – The Pensions Regulator's self-assessment tool results

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?	No
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	Sarah Heywood – 6/3/2017
Has this report been cleared by Head of Pensions?	Mark Whitby – January 2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 6/3/2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 3/3/2017

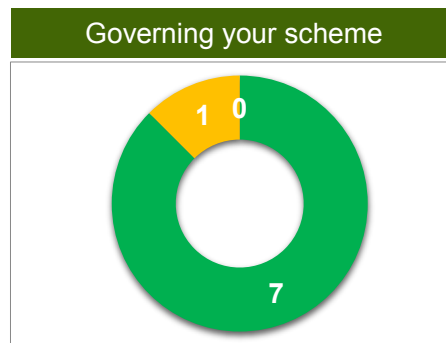
Results

Using this report

In this report we have provided an indicative risk rating for each answer you selected, alongside some guidance and links to additional information. This report does not provide an assessment of compliance with the law – it indicates areas that might be of particular concern and where you may wish to focus. You should seek legal advice where required.

To minimise the risk of non-compliance with the law, you should conduct a comprehensive review of your scheme against the requirements set out in the legislation and the guidance provided in our code of practice. Statistics refer to findings from TPR's 2015 survey into the Governance and Administration of Public Service Schemes.

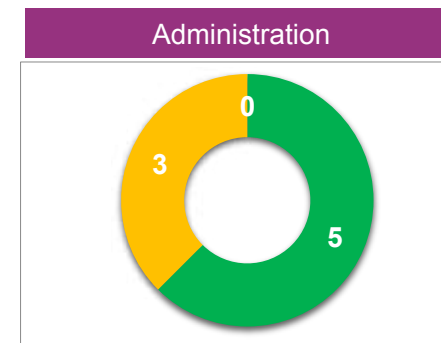
A summary of your results



Percentage of questions answered: **100%**



Percentage of questions answered: **100%**



Percentage of questions answered: **100%**

Results - Governing your scheme

Question 1 - Have you clearly defined and recorded the roles and responsibilities of the pension board?		
Your Answer:	Yes	Green
Feedback:	<p>You should keep roles and responsibilities under review, in particular considering any changes to scheme regulations or working arrangements (eg where certain functions are delegated by the scheme manager). Roles and responsibilities should be made clear during the board member appointment process, so they are clear about what is expected of them and what the role entails.</p> <p>You should also ensure these are communicated and understood by relevant parties such as the administrator, members or in the case of local government pension schemes, the pension committee, eg by publishing them alongside other pension board information.</p>	

Question 2 - Have you published information about the pension board and ensured it is kept up to date?		
Your Answer:	Yes – we publish information to legal requirements and provide additional information about the pension board and board business	Green
Feedback:	<p>Our code of practice sets out examples of additional information you may wish to consider publishing if you don't already do so. You should monitor all published data to ensure it remains accurate and complete.</p> <p>You should also ensure that the information is suitably accessible – it should be available to all scheme members and all staff who are eligible to be automatically enrolled into the scheme without them needing to ask for it. Further information is on our website.</p>	
Useful Links:	Code of Practice 14: Publishing information about schemes Website: Publishing scheme information	

Question 3 - Do you have policies and arrangements in place to help pension board members acquire and retain the requisite knowledge and understanding?

Your Answer:	Yes	Green
Feedback:	<p>Clearly defined policies and arrangements can help board members meet their legal obligations around knowledge and understanding. Four in five public service schemes have put such arrangements in place.</p> <p>You should keep your processes under regular review to ensure they remain effective and fit for purpose.</p>	
Useful Links:	Code of Practice 14: Knowledge and understanding required by pension board members	

Question 4 - Do you use the following for your pension board?

a) Training Plans

Your Answer:	No	Amber
Feedback:	<p>Board members must have the required knowledge and understanding so they can perform their role properly. They should regularly review their skills, knowledge and competencies to identify gaps and weaknesses, and should invest sufficient time in their learning and development.</p> <p>You should consider the use of a pension board training plan or individual training plans. Many schemes use pension board training plans. Individual training plans enable an even more bespoke approach, which reflects the different training needs of each member.</p> <p>Further information is in our code and our quick guide to personal development.</p>	

b) Individual training needs analysis		
Your Answer:	Yes	Green
Feedback:	<p>Using individual training needs analysis can help board members identify specific individual training needs.</p> <p>Training is an important part of the pension board members' role and they should invest sufficient time in their learning and development alongside their other responsibilities and duties. Board members should keep their skills, knowledge and competencies under regular review to identify gaps and weaknesses for further training.</p>	
c) Training log		
Your Answer:	Yes	Green
Feedback:	<p>Many schemes use training logs to help board members track their learning. They help you demonstrate steps you have taken to comply with legal requirements.</p> <p>You should regularly review the training log to ensure that risks associated with knowledge gaps are being mitigated. Board members should keep their skills, knowledge and competencies under regular review to identify gaps and weaknesses for further training.</p>	
Useful Links:	Code of Practice 14: Knowledge and understanding required by pension board members Quick guide to personal development Template: Assessing your Learning Needs	

Question 5 - Do you have a conflicts policy and procedure for pension board members?

Your Answer:	Yes	Green
Feedback:	<p>Nine in ten public service schemes have put conflicts policies and procedures in place for board members. These help identify, monitor and manage any interests that have the potential to become conflicts.</p> <p>You should review the policy and procedures regularly to ensure they remain fit for purpose.</p>	
Useful Links:	Code of Practice 14: Conflicts of interest and representation	

Question 6 - Do you have a register of interests (or equivalent)?

Your Answer:	Yes	Green
Feedback:	<p>A register is a simple and effective way of recording and monitoring interests.</p> <p>Conflicts should be included as an opening agenda item at pension board meetings and you should capture decisions about how to manage potential conflicts. The register of interests should be circulated to the pension board for ongoing review and published, for example on a scheme's website.</p>	
Useful Links:	Code of Practice 14: Conflicts of interest and representation	

Results - Managing risks and issues

Question 1 - Do you have procedures in place for assessing and managing risk?		
Your Answer:	Yes	Green
Feedback:	<p>You should review your processes regularly to ensure they remain effective and fit for purpose. Seven in ten public service schemes aim to review the effectiveness of their risk management and internal controls systems at least annually. Our code provides practical guidance on risk management to consider in your review.</p>	
Useful Links:	Code of Practice 14: Managing risks Checklist: Internal Controls	

Question 2 - Do you have a risk register?		
Your Answer:	Yes	Green
Feedback:	<p>You should review risks regularly. Three in five public service schemes assess risks at least every quarter.</p> <p>The risk register, and any other internal controls you put in place, should be kept under review to ensure that they remain effective and fit for purpose.</p>	
Useful Links:	Code of Practice 14: Managing risks Example Risk Register	

Question 3 - Where you have outsourced services, do you ensure that providers demonstrate that they have internal controls in place?

Your Answer:	In progress	Amber
Feedback:	<p>The scheme manager must establish and operate internal controls: systems, arrangements and procedures that are put in place to ensure the scheme is run in accordance with legal requirements. This applies equally where schemes outsource services.</p> <p>Nine in ten public service schemes ensure outsourced service providers demonstrate that they have adequate internal controls in place. You should ask providers to demonstrate this in tenders for delivering services, and incorporate these requirements in your contracts.</p> <p>Our code provides further guidance on internal controls.</p>	
Useful Links:	Code of Practice 14: Managing risks	

Question 4 - Do you have a service level agreement, or equivalent, in place with your scheme administrators, whether in house or outsourced?

Your Answer:	Yes	Green
Feedback:	<p>The administration of the scheme is where a larger proportion of the scheme manager's duties are carried out – it is vital that you pay attention to the way your scheme is administered.</p> <p>You should ask the administrator to attend relevant meetings, as this will help you better understand the administration function and identify improvements.</p> <p>You should regularly monitor the performance of your administrator against documented targets and take steps to address areas of poor performance.</p>	
Useful Links:	Code of Practice 14: Managing risks	

Question 5 - Are your internal dispute resolution arrangements clearly communicated to members and others?

Your Answer:	Yes	Green
Feedback:	<p>You should consider using a variety of ways to communicate your arrangements to members, for example in joining booklets, benefit letters or decision letters. Schemes should also make their arrangements accessible to potential applicants, for example by publishing them on a scheme website, as some public service schemes do.</p> <p>You should ensure that the effectiveness of the arrangements is assessed regularly. Further information on internal dispute resolution is available in our code.</p>	
Useful Links:	Code of Practice 14: Internal dispute resolution	

Question 6 - Do you have procedures in place to identify, assess and report breaches of the law?

Your Answer:	Yes	Green
Feedback:	<p>You should review your procedures regularly so they remain effective and fit for purpose. Some pension boards have made breach monitoring a standing agenda item, where they review all breaches (whether significantly material or not) to track progress and ensure issues are addressed.</p> <p>If a breach does occur and you think it is of material significance to us, you should report it to us as soon as possible. Don't wait for the issue to be resolved. Our code details information you should include in a report.</p>	
Useful Links:	Code of Practice 14: Reporting breaches of the law	

Results - Administration

Question 1 - Do you have a process in place to ensure that information is provided to TPR as required (eg through the scheme return)?

Your Answer:	Yes	Green
Feedback:	<p>You must provide us with certain information and keep this information up to date, and complete a scheme return when asked.</p> <p>To help you meet your legal obligations, you should provide us with a 'scheme contact' via our online portal Exchange and make sure this information is kept up to date in light of role changes. Larger schemes may wish to provide several people with access to Exchange.</p>	
Useful Links:	Website: Reporting requirements Exchange	

Question 2 - Do you have processes in place to monitor scheme records for all membership types on an ongoing basis and ensure they are accurate and complete?

Your Answer:	In progress	Amber
Feedback:	<p>Scheme managers must ensure that certain data is complete and accurate. This applies equally in respect of active, deferred, pensioner members and beneficiaries. Failure to maintain complete and accurate records can affect your ability to carry out basic functions.</p> <p>Four in five schemes have put in place record-keeping policies and procedures for all types of members and beneficiaries. You should establish or review your record-keeping processes immediately. Guidance can be found in our code and on our website.</p>	
Useful Links:	Code of Practice 14: Scheme record-keeping Website: Types of records to keep	

Question 3 - Do you have controls in place to ensure that your employer(s) provides timely, accurate and complete data?

Your Answer:	In development	Amber
Feedback:	<p>Scheme managers must keep records of specific member data. Most of this information will come from your employer(s) so you should ensure that employers have processes in place to provide you with the right data at the right time and in the right format. Poor data can create significant issues, even in single employer schemes.</p> <p>Some schemes provide specific training to employers on data requirements. Further information can be found in our code and our guide to issuing annual benefit statements.</p>	
Useful Links:	Code of Practice 14: Scheme record-keeping Quick guide to issuing annual benefit statements	

Question 4 - When did you last carry out a data review exercise?

Your Answer:	Within the last year	Green
Feedback:	<p>You should continue to carry out a data review at least annually. Data records should be additionally reviewed and cleansed when you change administrator or administration system/platform.</p> <p>Further information on record-keeping can be found in our code and on our website.</p>	
Useful Links:	Code of Practice 14: Scheme record-keeping Website: Types of records to keep	

Question 5 - Where you have identified poor quality or missing data, do you have an improvement plan to address issues?

Your Answer:	In development	Amber
Feedback:	<p>You should continually review your data and carry out a data review exercise at least once a year. You should then ensure the necessary steps are taken to resolve any issues identified.</p> <p>A data improvement plan is a key tool we expect schemes to use to address issues of poor quality or missing data. Your plan should have specific data improvement measures that you can monitor and an end date within a reasonable timeframe when the scheme will have complete and accurate data.</p>	

Question 6 - Do you have processes in place for monitoring scheme contributions, resolving issues and assessing whether to report payment failures to TPR?

Your Answer:	Yes	Green
Feedback:	<p>You should review your processes regularly to ensure they remain effective and fit for purpose. Guidance can be found in our code and our Managing contributions checklist.</p>	
Useful Links:	Code of practice 14: Maintaining contributions Checklist: Managing contributions	

Question 7 - Have you reviewed your processes for issuing annual benefit statements to ensure they are fit for purpose?

Your Answer:	Yes	Green
Feedback:	<p>You should proactively address issues that arose in the previous year and ensure remedial work is completed before the next cycle. You should also consider reporting on the lessons learnt, for example to the pension board, employers or members.</p> <p>Some best practice examples to consider for future reviews are included in our guide to issuing annual benefit statements.</p>	
Useful Links:	Quick guide to issuing annual benefit statements	

Question 8 - Have you taken steps to ensure that member communications are clear, accurate and easily accessible?

Your Answer:	Yes	Green
Feedback:	<p>You should regularly review your member communications to ensure members are able to engage with their pension savings. You can find out about members' information needs and their views on your communications in a number of ways - by speaking to employee representatives on the pension boards, listening in on calls to the administrator, undertaking member surveys or even organising focus groups.</p>	

CAMBRIDGESHIRE PENSION FUND



Pension Committee

Date: 23 March 2017

Report by: Head of Pensions

Subject:	Pension Fund Annual Business Plan and Medium Term Strategy, 2017-18 to 2019-20
Purpose of the Report	To outline the Fund's objectives for 2017-18 and provide a plan of action as to how key priorities will be achieved.
Recommendations	The Committee are asked to approve the attached Business Plan for 2017-18 provided in the appendix to this report.
Enquiries to:	Jo Walton - Governance and Regulations Manager Tel - 01604 367030 E-mail - jwalton@northamptonshire.gov.uk

1. Background

- 1.1 Good governance ensures that pension funds adopt a Business Plan that details the Fund's objectives and sets out key priorities for the forthcoming year, and in some cases, subsequent years.
- 1.2 The proposed Business Plan for the Cambridgeshire Pension Fund is attached in **appendix 1**.

2. The Business Plan 2017-18

2.1 Executive summary

- 2.1.1 The executive summary explains the challenges that the Fund has faced and will continue to face over recent and forthcoming years. These challenges range from the requirements of the Public Service Pensions Act 2013 to asset pooling in the LGPS.

2.2 Purpose and scope of the Fund

- 2.2.1 This section provides a high level overview of how the Fund operates in terms of its relationship with the administering authority through delegated responsibilities to the Pension Committee, the Scheme's administration arrangements with LGSS, the role of the Local Pension Board and the relationship with its stakeholders.

2.3 Contextual information on the Cambridgeshire Pension Fund

- 2.3.1 This section provides membership data, the Fund's assets and liabilities and investment information as at 31 December 2016 in order to provide the context behind the content of the Business Plan.

2.3.2 The section also details estimates of the fund account, investment income and expenditure and administration expenses for the period 2016-17 to 2018-19.

2.4 Fund Objectives

2.4.1 The setting of clear objectives is critical to effective business planning. The objectives were revised in 2015 and remain current for the forthcoming year and are set out in section 3 of the Business Plan.

2.5 Key Fund activities 2017-18

2.5.1 This section details the key activities that will be undertaken during 2017-18. The activities are split into high level categories with a link to the relevant objective or multiple objectives as detailed below:

Activity	
Ensuring and maintaining regulatory compliance/best practice	<p>Ensure and maintain compliance with the Pensions Regulator's code of practice and the Public Service Pensions Act 2013.</p> <p>Ensure Pension Committee, Local Pension Board and Officers of the Fund have appropriate knowledge to inform and make decisions.</p>
Ensuring and maintaining data quality	Review, improve and maintain data quality.
Utilising technological solutions	<p>Explore the use of Altair to make payments of non-payroll items to achieve cost savings, efficient processes and increased quality of service.</p> <p>Utilise Altair to provide self service facilities to scheme members and scheme employers to enable faster and more efficient exchanges of information. Explore new MSS offerings.</p> <p>Reduce the reliability on manual functions in favour of automated solutions.</p>
Utilising collaboration	<p>Procurement of actuarial, governance and benefits consultancy service.</p> <p>Proactively participate in the creation of a multi asset pool to meet the government's investment pooling agenda.</p>
Managing risk	<p>Managing the risks associated with the increasing volume and diversity of scheme employers.</p> <p>Continued maintenance and monitoring of the Risk Register.</p>
Managing Fund performance – administration	<p>Monitor and improve stakeholder satisfaction.</p> <p>Monitor and deliver required levels of administration performance for scheme employers and the service.</p> <p>Undertake full review of the Administration Strategy.</p>
Activity	
Ensuring effective communications	<p>Deliver plain English communications</p> <p>Deliver effective and timely communications to scheme members and scheme employers.</p>
Maintain appropriate cash flow	<p>Ensure employee and employer contributions are received on time for each scheme employer.</p> <p>Ensure all overpayments of pension benefits are managed in a cost effective and timely manner.</p>
Maintaining long-term Fund solvency	Regularly monitor the funding level.
Maintaining value for money	Demonstrate that the Fund is operating in a manner that achieves value for money.

2.6 Performance Indicators

- 2.6.1 Section 5 of the Business Plan details the key performance indicators that the LGSS Pensions will report on during 2017-18 as agreed in the Fund's Administration Strategy.

3. Finance & Resources Implications

- 3.1 Performance against the estimates of the fund account, investment income and expenditure and administration expenses estimates will be reported quarterly to the Pension Committee via Business Plan updates.

4. Risk Implications

- a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
No risk as it is best practice that the Fund has an approved Business Plan.	N/A	N/A

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

Risk	Risk Rating
If the Fund does not have a Business Plan there is potential for a lack of direction, control and structure in the management of its business.	Red

5. Communication Implications

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

6. Legal Implications

- 6.1 Not applicable.

7. Consultation with Key Advisors

- 7.1 The Fund's key advisers have been consulted in the Business Plan where necessary.

8. Alternative Options Considered

- 8.1 The alternative of not having a business plan is not considered an acceptable alternative for the Fund.

9. Background Papers

9.1 Not applicable.

10. Appendices

Appendix 1 Annual Business Plan and Medium Term Strategy 2017-18

Checklist of Key Approvals	
Is this decision included in the Business Plan?	N/A
Will further decisions be required? If so, please outline the timetable here	No
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Head of Pensions?	Mark Whitby – 24/02/2017
Has this report been cleared by the Section 151 Officer?	Sarah Heywood - 6/3/2017
Has the Chairman of the Pension Committee been consulted?	Councillor Hickford – 6/3/2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 3/3/2017

Annual Business Plan and Medium Term Strategy 2017-18 to 2019-20

Cambridgeshire Pension Fund

Executive summary

The purpose of this Annual Business Plan and Medium Term Strategy is to outline the Fund's objectives and provide a plan of action as to how key priorities over the next two years will be achieved in order to further these objectives.

Over the last few years the Fund has faced increasing complexities and there has been and continues to be new legislation that has fundamentally changed the way in which we work and our relationship with our stakeholders. The complexities have stemmed from but are not limited to the following;

- Asset Pooling
- The Public Service Pensions Act 2013
- Increased risk monitoring
- Funding pressures resulting from past and present market conditions and now stabilising longevity
- Overriding HMRC legislation
- Increased diversity of scheme employers resulting from alternative service provision models
- End of contracting-out of the State Second Pension
- Amending Local Government Pension Scheme regulations

To manage these challenges the Fund needs to be flexible and responsive to adapt in a timely and effective manner.

This Business Plan also outlines the expected non-investment related Fund receipts and payments for the current financial year 2016-17, and projections for 2017-18 through to 2019-20, as well as the administration and investment expenses.

The Business Plan also details the key performance indicators by which the Fund's performance will be measured. A full listing of these indicators can be found in section 5.

Officers will update the Pension Committee and the Local Pension Board on the progress made against all aspects of the Business Plan in update reports presented at each meeting.

Section 1 - Purpose and scope of the Fund

The Cambridgeshire Pension Fund is one of 89 Funds making up the Local Government Pension Scheme (LGPS). Cambridgeshire County Council is the statutorily appointed Administering Authority for the Cambridgeshire Pension Fund.

In 2014, the LGPS became a career revalued average pension scheme having previously been a final salary pension scheme since its inception. The LGPS is principally funded by its constituent employers and members, with assistance from investment returns. Unlike other public service pension schemes, the LGPS is fully invested in financial markets and aimed to be fully funded over the long term.

Administration of the Fund

In 2012, the administration of the Cambridgeshire Pension Fund was converged with Northamptonshire Pension Fund following the creation of LGSS, a joint partnership between Cambridgeshire and Northamptonshire County Councils. The Funds, however, remain as two distinct entities.

Both administration and investment activities are fully converged, and based in the Northamptonshire office. Pensioner payroll was converged during 2016-17 and now both administration and payroll records are fully linked.

Since 2012, both Funds have benefited from cost savings through the ability to procure services such as investment consultancy and custodian services on a joint basis as well as streamlining the provision of the administration functions.

Governance and Management of the Fund

The Cambridgeshire Pension Committee is responsible for the proper administration of the Fund in all its aspects.

The Pension Committee has its delegation direct from full Council. The Committee's role is to set the Pension Fund objectives and determine and maintain appropriate strategies, policies and procedures with ongoing monitoring of the Fund's activities. The Pension Committee is assisted by an Investment Sub-Committee that looks at the operational governance of investment issues.

From 1 April 2015, a further layer of governance was introduced in the form of a Local Pension Board. The Local Pension Board is a direct requirement of the Public Service Pensions Act 2013 and its role is to assist the Administering Authority (Cambridgeshire County Council) to secure compliance relating to governance and administration of the LGPS.

In July 2016 the Fund, in partnership with ten other Local Government Pension Schemes, agreed to form the ACCESS asset pool in line with the Government's directive for the LGPS to pool assets.

Constituent Funds in ACCESS are currently developing an Inter Authority Agreement which will require constitutional changes to empower the Joint Governance Committee of ACCESS. Delegated powers will be given by respective Full Councils for decision making with regard to operational management of fund managers investing ACCESS' assets in accordance with individual Fund's approved investment strategies. The Pension Committees of the individual

constituent authorities will retain strategic and policy making powers, and will continue to delegate to the Investment Sub Committee those investment decisions not undertaken within the ACCESS pool.

The constitutional changes required are expected to be approved by Full Council prior to April 2017.

Stakeholders of the Pension Fund

The Fund's stakeholders fall into the following categories;

- Active, deferred and retired members, their dependants and prospective members
- Scheme employers
- Regulatory Bodies
 - DCLG (the responsible authority)
 - HMRC
 - Department of Work and Pensions
 - The Pensions Regulator
- Trade Unions
- Administering Authority (the Scheme Manager)
- UK tax-payers
- Scheme Advisory Board

The Fund has a responsibility to all of its stakeholders to carry out its business in an open and transparent manner.

Section 2 – Contextual information on the Cambridgeshire Pension Fund

Membership data

The membership profile of the Cambridgeshire Pension Fund, split by active, deferred and pensioner membership as at year ending 31 March is shown below;

Membership type	2011-12	2012-13	2013-14	2014-15	2015-16	1.4.16 – 31.12.16
Active	22,730	22,844	24,854	25,345	26,744	26,716
Deferred	20,805	22,910	25,793	28,255	30,889	32,966
Pensioner	13,408	14,288	15,091	15,658	16,169	17,138
Total	56,943	60,042	65,738	69,258	73,802	76,820

Assets and liabilities

As of 31 December 2016 the assets of the Fund were £2.700bn which the Scheme Actuary has estimated are sufficient to meet 80.7% of the Fund's liabilities. This figure has been projected from the data used in the 2016 actuarial valuation.

Investments

The following table shows the allocation of the Fund's assets across the different asset classes as at 31 December 2016.

Asset class	Investment in £m	% of Fund
Equities	1,882.0	70.4
Fixed income	303.4	11.4
Alternatives	293.4	10.8
Property	198.5	7.4
Cash	23.4	-
Total	2,700.7	100%

Note: Percentages are affected by rounding

As at 31 December 2016 the Fund's assets are invested with the following managers

Manager	Asset Class	£m	%
Schroders	Multi Asset	678.2	25.2
Dodge & Cox	Global Equity	455.4	17.0
SSGA	Global Equity	400.5	15.0
J O Hambro	Global Equity	304.7	11.4
SSGA	UK Equity	243.1	9.1
Schroders	Property	198.6	7.4
Private Equity		165.2	6.2
Skagen	Emerging Market Equity	103.4	3.9
Infrastructure		71.6	2.7
M&G	Fixed Income	56.6	2.1
Cash		23.4	-
Total		2700.7	100%

Fund account, investment and administration estimates

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

	2016-17 Estimate	2016-17 Forecast	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate
	£000	£000	£000	£000	£000
Contributions	(111,082)	(123,000)	(123,500)	(135,000)	(137,000)
Transfers in from other pension funds:	(5,370)	(5,370)	(5,400)	(5,400)	(5,400)
TOTAL INCOME	(116,452)	(128,370)	(128,900)	(140,400)	(142,400)
Benefits payable	92,784	97,000	98,300	100,000	101,700
Payments to and on account of leavers:	5,370	5,370	5,400	5,400	5,400
	98,154	102,370	103,700	105,400	107,100
Management Expenses	7,855	8,027	8,156	8,092	8,184
TOTAL INCOME LESS EXPENDITURE	(10,443)	(17,973)	(17,044)	(26,908)	(27,116)
Investment Income	(28,000)	(28,000)	(29,000)	(30,000)	(31,000)
Taxes on Income	-	-	-	-	-
(Profit) and losses on disposal of investments and changes in the market value of investments	(73,000)	(73,000)	(75,000)	(77,000)	(79,000)
Net return on investments	(101,000)	(101,000)	(104,000)	(107,000)	(110,000)
Net (increase)/decrease in the net assets available for benefits during the year	(111,443)	(118,973)	(121,044)	(133,908)	(137,116)

Management Expenses	2016-17 Estimate £000	2016-17 Forecast £000	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000
Total Administration Expenses	2,249	2,421	2,494	2,377	2,409
Total Governance Expenses	428	428	432	436	440
Total Investment Expenses	5,178	5,178	5,230	5,280	5,335
TOTAL MANAGEMENT EXPENSES	7,855	8,027	8,156	8,092	8,184

The 2016-17 forecasted costs increased from those estimated, reflecting the Altair payroll project set up costs and an increase in establishment during the year.

Governance and investment expenses are expected to remain at levels similar to the current year, increasing in line with inflation. Within governance expenses for 2016-17 is £35,000 in respect of ACCESS related costs and £115,000 incurred in costs associated with the triennial actuarial valuation of the Fund.

Administration Expenses are analysed below:-

Administration Expenses	2016-17 Estimate	2016-17 Forecast	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate
Administration Expenses Analysis	£000	£000	£000	£000	£000
<i>Staff Related</i>	1,184	1,204	1,321	1,348	1,376
<i>Altair System</i>	259	259	261	263	265
<i>Altair payroll project</i>	-	152	-	-	-
<i>GMP and Payroll Reconciliation project</i>			150		
<i>Communications</i>	64	64	54	49	44
<i>Other Non Pay and Income</i>	40	40	100	102	104
<i>County Council Overhead Recovery</i>	702	702	608	615	620
Total Administration Expenses	2,249	2,421	2,494	2,377	2,409

Staff related expenses are forecast to increase in line with inflationary expectations.

Altair payroll project represents one off project costs incurred during 2016-17.

The GMP and Payroll Reconciliation project costs are intended to be a one-off expenditure in order to meet requirements of HMRC to ensure the scheme holds the correct GMP liability for its membership following the cessation of contracting out on 5 April 2016. Following some internal work in 2016-17, external expertise is required to complete this project in the most effective manner.

County Council overhead recovery costs have reduced following a review of cost allocation activities.

Section 3 - Fund Objectives

The objectives of the Fund have been derived around the Fund's core purpose and to ensure it is managed effectively and appropriately. All business activity will link back to the objectives to ensure relevance and purpose.

The Fund's objectives are as follows -

1. 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.
2. 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.
3. 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.
4. Continually monitor and measure clearly articulated objectives through business planning.
5. Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
6. Ensure regular monitoring of employer covenants, putting in place mitigations of adequate strength to protect the Fund.
7. Ensure appropriate exit strategies are put in place both in the lead up to and termination of a scheme employer.
8. Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary.
9. Ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer.
10. Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.
11. Maintain accurate records and ensure data is protected and used for authorised purposes only.
12. Promote the Scheme as a valuable benefit.
13. Deliver consistent plain English communications to Stakeholders.
14. Provide Scheme members with up to date information about the Scheme in order that they can make informed decisions about their benefits.
15. Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.

16. Ensure cash flows in to and out of the Fund are timely and of the correct amount.
17. 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.
18. Put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy.
19. Maximise investment returns over the long term within agreed risk tolerances.
20. Ensure an appropriate cash management strategy is in place so that net cash outgoings can be met as and when required.

Section 4- Key Fund activities 2017-18

It is essential for the Fund to demonstrate its commitment to achieving its objectives through careful planning and management of specific, measurable, achievable, relevant and timely activities.

The following activities identified for the 2017-18 financial year address each of the Fund's 20 objectives as detailed in section 3 and have been grouped into sub-headings for clarity and relevance. The table below aligns each activity to its relevant objective or more than one objective and the approach officers will take to achieve the particular activity and how the progress will be measured and reported with key dates where appropriate.

Ensuring and maintaining regulatory compliance/best practice

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Ensure and maintain compliance with the Pensions Regulator's code of practice: governance and administration of public service pension schemes and the Public Service Pensions Act 2013.	1. 2. 3. 4.	Continually review compliance with the code of practice and ensure any areas where full compliance has not been achieved are addressed during 2017-18.	A report is to be presented at the March 2017 meeting of the Pension Committee that identifies review dates for existing areas of compliance and completion dates for where any areas of compliance have yet to be achieved.
Ensure Pension Committee, Local Pension Board and Officers of the Fund have appropriate knowledge to inform and make decisions about the Fund.	3.	Review existing Training Strategy for continued relevance. Collate and publish a list of relevant training events for members of the Pension Committee and Pension Fund Board to attend that supports the CIPFA Skills and Knowledge Framework. Increase the frequency of in-meeting knowledge and skills training for the Pension Committee and Local Pension Board.	Provide a report to the Chairman of the Pension Committee and Local Pension Board at the end of the year on the training attended by their Committee and Board members during the year. List of relevant training events will be an appendix to the quarterly Governance and Legislation report.

Ensuring and maintaining data quality

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Review, improve and maintain data quality.	1. 4. 10. 11. 16	<p>To determine compliance with The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014. To be presented to Local Pension Board in October 2017 for comments and the Pension Committee in December 2017 for approval.</p> <p>To present a Data Quality Improvement Plan (as per the Pension Regulator's code of practice) to the Local Pension Board in October 2017 for comments and to the Pension Committee in December 2017 for approval.</p> <p>To continue to reconcile GMP data held by HMRC compared with that held on LGSS Pensions systems for all membership types.</p> <p>To continue to reconcile the pensioner payroll against Altair pensioner records as a regular and ongoing function.</p>	Regular updates on these activities will be reported in the quarterly Business Plan Update report.

Utilising technological solutions

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Explore the use of Altair to make payments of non-payroll items to achieve cost savings, efficient processes and increased quality of service to scheme members and other stakeholders.	2. 4. 10.	Engage with Heywoods to determine the amount of resource and timescale required and consider cost effectiveness of moving away from the Council's own accounts payable offerings.	Regular updates on the progress made against the plan will be reported in the quarterly Business Plan Update reports.
Utilise Altair to provide self service facilities to scheme members and scheme employers to enable faster and more efficient exchanges of information. Explore new MSS offerings.	2. 4. 8. 10. 11. 15.	Continually promote Altair Employer and Member Self Service functionality, through scheme employers and via scheme communications. To provide access to electronic annual benefit statements by 31 August 2017 to all deferred scheme members (who have not made a positive election to opt out of this service).	Provide an update on a range of measures as to the utilisation of both Member and Employer Self Service in the Business Plan Update report at the end of every financial year.
Reduce the reliability on manual functions in favour of automated solutions.	10. 11.	Continue to build on previous success in developing applications that decrease the level of manual intervention and data input and increase accuracy of data supplied by scheme employers. Continue to utilise technology to deliver scheme employer training via the use of webinars to ensure location is not a barrier. Use targeted training to improve employer performance.	Provide an update on the development of automated solutions in the Business Plan Update report at the end of every financial year.

Utilising collaboration

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Procurement of actuarial, governance and benefits consultancy service (in conjunction with Northamptonshire Pension Fund to achieve economies of scale).	1. 4. 10.	Notice to existing provider to be issued by June 2017 with contract, following appropriate due diligence to be issued by December 2017 for contract to start no later than 1 April 2018.	Progress against the project plan will be reported in the Business Plan Update reports.
Proactively participate in the creation of a multi asset pool to meet the government's investment pooling agenda.	10. 19.	<p>Within the ACCESS pool officers will continue to fully participate in the delivery of a Value for Money and appropriate asset pool arrangement representing this Fund.</p> <p>The July submission has now received a green light and officers and elected member representatives (Chairman and Vice Chairman) will continue to deliver the ACCESS plan, to achieve the April 2018 target date.</p> <p>Appropriate governance arrangements are being developed.</p> <p>Delivery of passive pooling arrangement by summer 2017.</p>	<p>Progress against the collaborative proposals to meet the government agenda on asset pooling.</p> <p>Regular updates on progress are reported to all governance bodies of the Fund: Local Pension Board, Pensions Committee and Investment Sub Committee.</p> <p>Full Council will receive a report in March 2017 to distribute appropriate constitutional changes to the governance bodies of the Fund in respect of Asset Pooling.</p>

Managing risk

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Managing the risks associated with the increasing volume and diversity of scheme employers and ensures that these risks are reflected in the funding approach for each scheme employer.	2. 4. 5. 6. 7. 8. 9. 17.	<p>Through the triennial valuation, the funding approach for individual employers is now set using a risk based approach based on employer type, strength of employer covenant and a suitable time horizon for that employer. This now means that riskier employers are required to have a greater level of certainty of reaching a 100% funding level, within an appropriate time frame, than less risky employers.</p> <p>Annually monitor the Funding level of employers with less than 5 employees and/or less than 5 years on admission term or those employers identified through the valuation process as needing close monitoring and adjust the required contribution rates accordingly.</p> <p>Monitor scheme employer's contract end dates to ensure appropriate arrangements are in place and ensure appropriate exit strategies are in place for relevant employers.</p> <p>Review ill health insurance provision.</p>	<p>Progress will be measured by the outcome from the 2019 valuation of the Pension Fund.</p> <p>Provide an update on these activities to the Pension Committee and Local Pension Board on an annual basis with effect from March 2018.</p> <p>Report to be presented to Pension Committee on the findings of the review of ill health insurance provision in June 2017.</p>
Continued maintenance and monitoring of Risk Register in line with the Fund's Risk Strategy.	1. 2. 4. 5.	Officers to review the Risk Register quarterly to ensure risks, risk appetite and mitigations remain relevant making adjustments where necessary.	Pension Committee and Local Pension Board to be presented with a heat map of current risks every other meeting commencing March 2017.

Managing Fund performance – administration

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Monitor and deliver required levels of administration performance for scheme employers and the service.	2. 4. 8. 10.	<p>Provide an update to the Pension Committee and Local Pension Board on the progress made against the LGSS Pensions Service Improvement Plan.</p> <p>Measure performance of scheme employers and the service against the KPIs as published in the Administration Strategy.</p> <p>Use targeted training plans and administrative charges to address poor performing scheme employers.</p> <p>Provide induction programme for new employers to ensure a good level of employer performance.</p>	<p>Progress made against the Service Improvement Plan to be made biannually via the Business Plan Update report.</p> <p>Performance against the KPIs contained in the Administration Strategy will be reported in the quarterly Business Plan Update report along with any remedial action taken.</p>
Monitor and improve stakeholder satisfaction.	2. 12. 4. 13. 8. 14. 10. 15. 11. 16.	<p>The Customer Service Excellence Standard. was awarded in June 2016 with the next full assessment due in 2019. Mini assessments are required each June.</p> <p>Conduct annual scheme employer and scheme member surveys.</p> <p>Participate in the LGSS customer satisfaction survey.</p>	<p>Results of the mini assessment will be reported in the Business Plan Update report.</p> <p>All survey results to be reported in the Business Plan Update report following analysis of results.</p>
Undertake full review of the Administration Strategy to enable a more streamlined approach to managing poor performing employers.	2. 10. 4. 14. 8. 15.	Present the revised draft Administration Strategy to the Local Pension Board in April 2017 for comment and the Pension Committee in June 2017 for approval.	Delivery of the Administration Strategy following a 30 day consultation period with scheme employers.

Ensuring effective communications

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Deliver plain English communications	13.	Review and appropriately amend standard Fund communications to meet Plain English standard and achieve Plain English accreditation for appropriate communications.	Report to the Pension Committee and Local Pension Board via the Business Plan Update report when accreditation has been achieved for specific areas of communications.
Deliver effective and timely communications to scheme members and scheme employers, including collaborating with other LGPS Funds where appropriate.	1. 10. 2. 14. 12. 15. 13.	To review and produce a revised Communications Plan for approval at the March 2018 Pension Committee meeting.	Report on the delivery of communications against the plan via the quarterly Business Plan Update reports.

Maintaining appropriate cash flow

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Ensure employee and employer contributions are received on time for each scheme employer.	16.	Robust monitoring of scheme employers' compliance with the Payment of Employee and Employer Contributions Policy. Reporting to Pensions Committee of policy adherence by employers.	Statistics on levels of scheme employer compliance with the policy will be included in the quarterly Business Plan Update report.
Ensure all overpayments of pension benefits are managed in a cost effective and timely manner.	16.	Manage overpayments in accordance with the Overpayment of Pensions Policy.	Regular updates on the recovery of overpayments of pension payments will be reported via the quarterly Business Plan Update report.

Maintaining long-term fund solvency

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Regularly monitor the funding level.	17.	<p>Hymans Robertson (the Fund's actuary) produce quarterly Navigator reports that detail the funding level at the end of each quarter.</p> <p>Updates on the Funds solvency levels are included in the Investment Sub Committee Investment performance quarterly reports.</p>	A summary of these reports will be provided in the Business Plan Update reports (where timing of receipt of report coincides with the Committee cycle).

Maintaining value for money

Activity	Fund Objectives	Approach to achieving/managing	How progress will be measured/reported
Demonstrate that the Fund is operating in a manner that achieves value for money.	10.	<p>Financial forecasts to be published in the Annual Business Plan and Medium Term Strategy at the beginning of each financial year for the following three years on both the Fund account and investment and administration expenses.</p> <p>The Fund receives quarterly investment performance reports on the Fund's investment performance.</p>	<p>Forecast reporting on the Funds management expenses are reported in the quarterly Business Plan Update reports.</p> <p>Actual performance of the Fund account and management expenses are reported in the Annual Report and Statement of Accounts and presented at the July meeting of the Pension Committee.</p>

Section 5 - Performance Indicators

Detailed below are the Key Performance Indicators that the LGSS Pensions Service will report on during 2017-18 as agreed in the Fund's Administration Strategy.

Function/Task	Indicator	Target
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%
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%
Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%
Arrange for the correct deduction of employee and employer contributions to Pension Fund in a timely manner, providing an associated monthly statement/schedule in a format acceptable to the Administering Authority.	Percentage of employers who pay contributions to the Fund by the statutory deadline of 19 th following the month of deduction.	100%
Provide LGSS Pensions Service with accurate year end information in the prescribed format.	Accurate year end information to be provided for all scheme members by 30 April following contribution year end.	100%
Provide LGSS Pensions Service with all necessary information regarding new starters and hours/weeks per year variations in a format acceptable to the Administering Authority.	Accurate information provided within 10 working days of the relevant calendar month end or within 30 days of commencement/change if earlier where employer automatic enrolment duties apply.	95%
Notify the employer and scheme members of changes to the scheme rules.	Within one month of the LGSS Pensions Service being informed of the change.	95%
Issue annual benefit statements to active members as at 31 March each year.	By the following 31 August (pending timely receipt of satisfactory year end data from the scheme employer).	100%

CAMBRIDGESHIRE PENSION FUND



PENSION FUND COMMITTEE

Date: 23 March 2017

Report by: HEAD OF PENSIONS

Subject	Investment Strategy Statement
Purpose of the Report	To present the draft Investment Strategy Statement for the Committee's approval.
Recommendations	<p>That the Pension Fund Committee:</p> <ol style="list-style-type: none"> 1. Note the contents of the report; 2. Approve the Investment Strategy Statement for publication on the Fund's web site.
Enquiries to	<p>Name: Paul Tysoe Tel: 01604 368671 Email: PHYtysoe@northamptonshire.gov.uk</p>

1. Background

- 1.1 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("the Regulations") came into force on 1st November 2016 and revoke The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009(b) and The Local Government Pension Scheme (Management and Investment of Funds) (Amendment) Regulations 2013(c).
- 1.2 The Regulations set out the requirement for the preparation and publication of the Fund's Investment Strategy Statement by no later than 1st April 2017.
- 1.3 The Investment Strategy Statement ("ISS") is a living document which will evolve as the Fund reviews its strategy and asset allocation as a result of the funding valuation. This will be via a process of consultation and approval by the Pensions Fund Committee over the next 12-18 months.
- 1.4 The ISS is a fund specific document but has drawn upon the agenda of collaboration and will benefit from evolving with pooling colleagues as the asset pooling strategy develops.

- 1.5 The Investment Sub Committee (“ISC”) at its meeting on 16 February 2017 reviewed the draft ISS and agreed that it be put forward for approval to the Pension Fund Committee at the 23 March 2017 meeting,

2. Purpose of the report

- 2.1. The purpose of this report is to present the draft ISS to the Pension Fund Committee (“PFC”) for approval.

3. Key points

- 3.1. The ISS restructures the investment policy documentation of the Fund to comply with current guidelines and regulations.
- 3.2. The ISS contains a high level, dynamic asset allocation structure, which supports the long term focus of institutional investing mitigating the risk of reacting to short term market behaviours.
- 3.3. The asset allocation is structured around three main headings; Equities, Fixed Income and Alternatives. Tolerances are in line with those previously stated in the Statement of Investment Principles but are reported at a headline, rather than specific asset class basis.
- 3.4. Under asset pooling, passive equities will be pooled by summer 2017, with liquid, active assets expected to be pooled by 2021. Illiquid, long dated assets will continue to be managed on fund basis for at least the forthcoming asset allocation cycle.
- 3.5. Environmental, Social and Governance policies are to be stated in line with the Regulations. The Fund’s Responsible Investment principles have been set out, and will evolve in line with collaborative efforts to develop a pool wide principles and policies.
- 3.6. The Regulations require that the Fund must consult such persons as it considers appropriate as to the contents of the ISS. Following the approval of the ISC to submit the ISS to the PFC for approval the ISS was published on the Fund’s web site and notification sent to all stakeholders such as employers and the Chairman of the Local Pension Board inviting feedback.

4. Next Steps

- 4.1. To develop the work programme for 17/18 to incorporate post valuation review of strategy asset allocation, and to update the Investment Strategy Statement as appropriate.

5. Recommendation

- 5.1 That the Pension Fund Committee:
 1. Note the contents of the report;
 2. Approve the Investment Strategy Statement for publication on the Fund’s web site.

6. 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.
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Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
Put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy.
Maximise investment returns over the long term within agreed risk tolerances.
Ensure an appropriate cash management strategy is in place so that net cash outgoings can be met as and when required.

7. Finance & Resources Implications

7.1 Not applicable.

8. Risk Implications

8.1 Risk(s) associated with the proposal:

Risk	Mitigation	Residual Risk
None		

8.2 Risk(s) associated with not undertaking the proposal:

Risk	Risk Rating
The Fund may not publish its Investment Strategy Statement in line with the Regulations.	Amber

9. Communication Implications

9.1 Not applicable.

10. Legal Implications

10.1 Failure to publish the Fund's Investment Strategy Statement by 1st April 2017 would result in a breach of the Regulations.

11. Consultation with Key Advisers

11.1 This paper has been produced in conjunction with the Fund's Investment Consultants, Mercer.

12. Alternative Options Considered

12.1 Not applicable.

13. Background Papers

13.1 Not applicable.

14. Appendices

14.1 **Appendix A** – Draft Investment Strategy Statement.

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?	No.
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 6/3/2017
Has this report been cleared by Head of Pensions?	Mark Whitby – 27 February 2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford- 6/3/2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 3/3/2017

Investment Strategy Statement (Published 1 April 2017)

Introduction and background

This is the Investment Strategy Statement ("ISS") of the Cambridgeshire County Council Pension Fund ("the Fund"), which is administered by Cambridgeshire County Council, ("the Administering Authority"). The ISS is made in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("the Regulations") and supersedes all previously published Statement of Investment Principles.

The ISS has been prepared by the Pension Fund Committee ("the Committee") having consulted on the contents of the Fund's investment strategy with such persons it considers appropriate. The Committee acts on the delegated authority of the Administering Authority.

The ISS, which was approved by the Pension Committee on 23 March 2017, is subject to periodic review at least every three years and without delay after any significant change in investment policy. The Committee has consulted on the contents of the Fund's investment strategy with such persons it considers appropriate.

The Committee seeks to invest in accordance with the ISS, any Fund money that is not needed immediately to make payments from the Fund. The ISS should be read in conjunction with the Fund's Funding Strategy Statement which can be found at

<http://pensions.northamptonshire.gov.uk/wp-content/uploads/2016/12/CambridgeshireFundingStrategyStatement2016.pdf> .

Objectives of the Fund

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. Pensions and benefits will be met by contributions, asset returns and income.

The Pension Fund Committee works to endeavour that, in normal market conditions, all accrued benefits are fully covered by the value of the Fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing.

The Fund is subject to an actuarial review every three years, in preparation for which the Fund, in conjunction with the Fund's Actuary and taking investment advice, prepares a Funding Strategy Statement (FSS) that sets out the strategy to ensure the long-term solvency of the Fund whilst recognising the need for a minimum (where possible and subject to a level of prudence) and, stable level of employer contributions.

Investment Beliefs

The strategy adopted by the Fund is based upon the following investment beliefs:

1. The strategic asset allocation is the key factor in determining the risk and return profile of the Fund's investments and recognises that the Fund is a long-term, open scheme that has an obligation to pay benefits that are linked to inflation. The Committee also takes into account the covenant associated with the Fund's employers in deciding how much risk is appropriate.
2. Asset allocation and specifically the headline amounts invested in equities, fixed income and alternatives, will drive risk and return levels.
3. Investing over the long-term provides opportunities to improve returns.
 - a. Asset classes that return over a reasonably long duration are suitable for this Fund.
 - b. The Fund has a policy of holding managers over the longer-term to reduce the impact of transitions and believes in the benefits of compounded returns.
4. Equities are expected to generate returns above the growth of liabilities over the long-term and have an indirect link to inflation.
 - a. The Fund predominately holds equities due to the belief that they will provide returns above liabilities over the long-term and this helps to ensure that contributions remain affordable.
5. Inflation linked UK Government bonds provide a high degree of liability matching and a direct link to inflation.
 - a. Investments in government bonds are not held for return purposes but are held in order to mitigate the risk that contribution rates need to increase significantly should yields fall.
6. Non-Government bonds are expected to provide a return above governments bonds and can provide some interest rate protection relative to the liabilities.
7. Alternative assets are expected to generate returns above liabilities over the long-term, can have an inflation link, as well as providing diversification benefits.
8. Diversification across asset classes can help to mitigate against adverse market conditions and assist the Fund to produce a smoother return profile due to returns coming from a range of different sources.
9. The Committee favours active management, where there are opportunities for active managers to add value, increasing overall expected return net of fees.
10. Passive strategies provide low cost access to market returns
11. Responsible Investment including Environmental, Social and Governance are important factors for the sustainability of longer term investment returns.
12. Value for money is defined as recognising net return over absolute cost.

Selecting a suitable strategy

The Pension Fund Committee is responsible for the Fund's asset allocation which is determined via a triennial strategy review as part of the valuation process, but is kept under regular review; noting that strategic changes are an evolutionary process.

The triennial review looks at both qualitative and quantitative analysis, covering:

- The required level of return that will mean the Fund can meet its future benefit obligations as they fall due
- The level of risk that the Fund can tolerate in absolute terms, and in relation to its funding level and deficit
- An analysis of the magnitude of the various risks facing the Fund is established in order that a priority for mitigation can be determined

The desire for diversification across asset class, region, sector, and type of security

The Committee utilises a wide range of professional support such as an investment consultant and the Fund's Actuary.

As noted above, the Fund's objective is to pay benefits as they fall due and this requires the build-up of sufficient reserves in advance. The Fund is currently assessed to have a deficit in terms of the reserves needed and so the asset strategy is focused on achieving returns in excess of inflation, without taking undue risk. Having a thorough understanding of the risks facing the Fund is crucial and these are covered later in this statement.

The Fund's current investment strategy is set out below. It should be noted that the Fund is currently undergoing an investment strategy review and although an agreement in principle has been made to increase the allocation to illiquid alternatives, the review has not yet been completed. Set out below therefore is the current position that will likely evolve as part of the forthcoming review.

Asset class	Target allocation %	Tolerances%
UK equities	21.0%	
Overseas equities	43.5%	
Equities	64.5%	59.5% -69.5%
Government Bonds	5.0%	
Non-Government Bonds	7.0%	
Fixed Income	12.0%	9%-15%
Property	11.0%	
Private Equity	5.0%	
Infrastructure	5.0%	
Loans	2.5%	
Alternatives	23.5%	18.5% - 28.5%
Total target Allocation	100%	

The tolerance ranges allow for the long-term natural deviation from the strategic percentage allocation due to differential relative performance of each investment type. Exceeded tolerances will be reported in the quarterly performance report to the Investment Sub Committee.

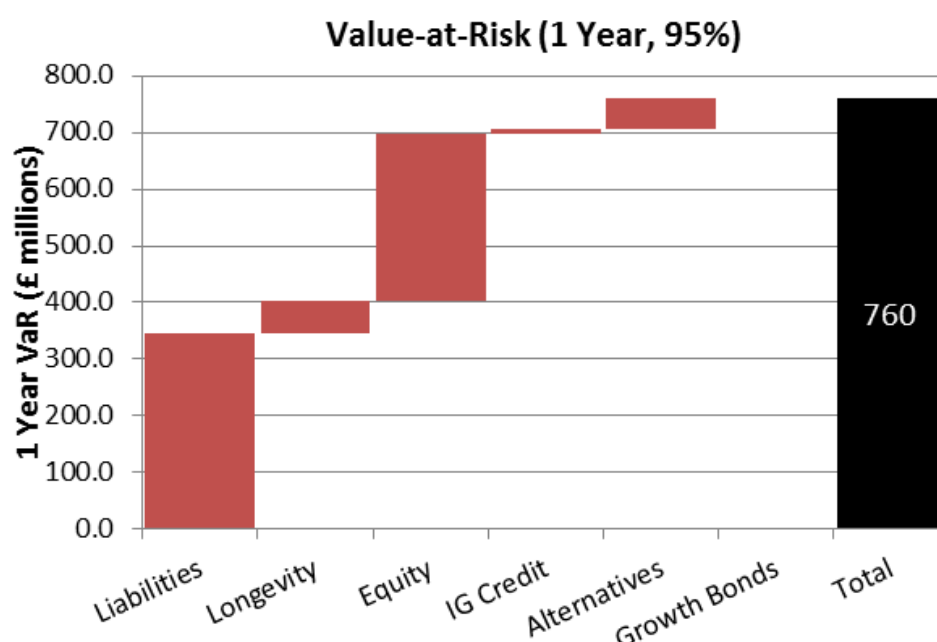
At 31 March 2016, the expected return of this portfolio was 4%per annum. Further details on the Fund's risks, including the approach to mitigating risks, is provided in the following section.

Risks

The Committee assesses risks both qualitatively and quantitatively, with the starting point being the triennial strategy review. Risks are considered, understood and then prioritised accordingly.

Investment Risks

The Committee uses Risk Attribution Analysis to determine the order of magnitude of the main investment risks the Fund is facing. The chart below shows the VaR (Value at Risk, essentially the losses that would occur in a 1-in-20 event) facing the Fund, split into major risk categories.



As an additional illustration of risk, the table below shows how a range of events could impact the Fund:

Event	Event movement	Impact on Deficit
Fall in equity markets	20% fall in equities	£376m
Active Manager underperformance	3% underperformance from all active managers	£61m

As shown in both the Value-at-Risk attribution chart and the table above, the most significant risk that the Fund is running is in relation to interest rates and inflation. It is important to stress that whilst not immaterial, the risks being run by the use of active management is far smaller.

Liabilities (interest rate and inflation) – The largest risk that the Fund faces is in relation to interest rates and inflation. The investment strategy recognises this and looks to increase the

allocation to assets that provide protection against falling rates and rising inflation expectations when affordable to do so, which is considered appropriate in the context of the Fund's position as a long-term investor.

Equities – Should equity market conditions deteriorate significantly this will have a negative impact on the funding level. The Fund holds equities in order to provide the necessary returns to ensure that the Fund remains affordable. The Committee believes that the extra returns that are expected to be generated by equities compensates the level of risk equities bring to the Fund, but does believe in diversification, and looks to mitigate equity risk by investing significantly in bonds and alternatives.

Alternatives – The Fund has a significant amount of assets allocated to a range of alternatives, with allocations to property and private equity, amongst others. The risks that these investments bring at an individual level is not insignificant however the Committee believe that over the long-term alternatives will provide returns that compensate for the risks being run. Additionally the level of diversification the assets provide helps to reduce the Funds reliance on returns from equities. Illiquid assets such as property and private equity are also a valuable source of income.

The Fund's portfolio is well diversified across asset classes, geography and asset managers. As different asset classes have varying correlations with other asset classes, the Fund by investing in a range of different investments can minimise the level of risk run to a degree.

Passive Manager Risk – This is the simplest style of investment which places monies purely to track indices with the associated risks of following the full effects of both positive and negative market movements benefiting from the most economic of fee rates. This contrasts to active management which is applied to smooth volatility and improve market returns albeit at higher fee rates, the assumption being that the net return after fees is greater than pure passive management.

Active Manager Risk – Active Investment Managers are appointed to manage the Fund's investments on its behalf in the expectation that they will outperform the market but also recognising that their mandates may underperform passive managers. This risk is small relative to other risks; however the Fund still addresses this risk. Extensive due diligence takes place before managers are appointed. The investment managers are also monitored regularly by the Investment Sub Committee, Officers and by the Fund's Advisors. There is a risk is that net performance underperforms a passive arrangement over the long-term.

Liquidity risk – It is recognised that there is liquidity risk in holding assets that are not readily marketable and realisable. Given the long-term investment horizon, the Committee believes that a degree of liquidity risk is acceptable, given the potential for accessing higher returns. The majority of the Fund's assets are realisable at short notice.

Exchange rate risk – This risk arises from unhedged investment overseas. The Committee believes that a long-term investor can tolerate short term fluctuations in currency movements but this policy will be reviewed at the next investment strategy review; particularly with reference to the Fund's equity portfolio.

Demographic Risk

The Fund is subject to a range of demographic risks, but with particular reference to investment strategy, the Committee is aware of the potential for the Fund to mature over time as the pensioner liability increases. A mature pension fund is likely to take less investment risk over time and this is considered at each strategy review. The more mature a pension fund, the more likely it is that investments would need to be realised in order to pay benefits. The Fund is not in that situation at present as cash inflows from contributions and investments are greater than benefit payments. However, this situation is monitored regularly and formally as part of the actuarial valuation and strategy review.

Cashflow Management Risks

The Fund is gradually becoming more mature and although it is cashflow positive after taking investment income, managing cashflow will become an increasingly important consideration in setting the investment strategy.

Governance Risks

The Fund believes that there is a benefit to the Fund to be gained from good governance in the form of either or both of an increased return and/or decreased risk. Poor governance can lead to opportunities and risks to be missed, and have a detrimental effect on the funding level and deficit.

Details of the Fund's governance structure can be found in the [Governance Compliance Statement](#).

ESG Risks

The Fund recognises that effective management of ESG issues can enhance long-term financial performance of investments, and therefore ESG factors should be a feature of investment analysis and management. This aligns with the best interests of the Fund's beneficiaries and is consistent with fiduciary duty.

The Committee believes that engagement is key in relation to strong corporate governance, which in turn will enhance returns. Details of the Fund's policies can be found later in this statement.

Investment of money in a wide variety of investments

The Fund will invest in a range of investments, diversified by type, class, geographical location and market exposure.

Asset classes

The Fund may invest in quoted and unquoted securities of UK and overseas markets including:

- Equities,
- Fixed interest and index linked bonds,
- Cash,
- Property and commodities, either directly or through pooled funds,
- Private Equity,
- Infrastructure,
- Debt,
- Insurance Instruments,

- Contracts for differences and other derivatives either directly or in pooled funds.

The Fund's target investment strategy is set out below. The table also includes the maximum percentage of total Fund value that it will invest in these asset classes. In line with the Regulations, the authority's investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with that authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007".

Factor	Allocation	Inflation linkage	Interest rate sensitivity	Growth	Diversifier (from equities)	Liquidity	Liability Matching
Role	%	Liability management	Liability management	Deficit reduction & affordability	Risk mitigation	Cash flow management	Liability management
UK equities	21.0	Indirect link to inflation over the long-term	N	Y	N	Y	N
Global Equities	43.5	Indirect link to inflation over the long-term	N	Y	N	Y	N
Index Linked Gov't bonds	5.0	Y	Y	N	Y	Y	Y
Non-Gov't Bonds	7.0	N	Y	N	Y	Y	Y
Property	11.0	Indirect link to inflation over the long-term	N	Y	Y	N	N
Private Equity	5.0	Y	N	Y	Y	N	N
Infrastructure	5.0	Y	N	Y	Y	N	Y
Loans	2.5	N	Y	N	Y	Y	N
TOTAL	100.0						
Illiquidity Budget							
Inflation Sensitivity							

Asset Pooling

Cambridgeshire is a member of the ACCESS pool along with the following 10 other pension funds:

East Sussex
Essex
Hampshire
Hertfordshire
Isle of Wight
Kent
Norfolk
Northamptonshire
Suffolk
West Sussex

All eleven funds are committed to collaboratively working together to meet the criteria for pooling and have signed a Memorandum of Understanding to underpin their partnership (will be updated for IAA). ACCESS is working to a project plan in order to create the appropriate means to pool investments. The first investments to be pooled in 2017 will be passively managed investments.

The ACCESS Funds have set out how they meet the pooling criteria, the pool's structure, governance arrangements and services to be shared in the submission made to the Government in July 2016, which is available on ACCESS's website <http://www.accesspool.org/>

All 11 ACCESS funds are working in the expectation that, over time, all investments will be pooled apart from a minority of investments where there is a no value for money benefit to pooling a specific investment as identified and agreed by an individual fund.

Investment pooling is intended to provide the scale that will enable LGPS funds to access lower investment Manager fees and to deliver cost savings. In the pooled investment structure individual funds will remain responsible for their own investment strategy and asset allocation decisions. The pool will be responsible for selecting a suitable number of Investment Managers in order to meet the requirements of all of the funds' investment strategies.

Cambridgeshire will not be pooling an allocation to local alternatives currently consisting of the Cambridge & Counties Bank.

In addition Cambridgeshire will not pool cash held for the efficient administration of the scheme, which is needed to manage cash flow to meet statutory liabilities including monthly pension payroll payments.

Environmental, Social and Governance policy

The Committee considers the financial impact arising from Environmental, Social and Governance ("ESG") risks to be a fiduciary responsibility and an integral part of the risk assessment of any investment. The Committee recognises that effective management of ESG issues can enhance long-term financial performance of investments and seeks to promote this through two key areas:

- **Sustainable investment / ESG factors** – considering the financial impact of environmental, social and governance (ESG) factors on the long-term prospects of investments.

- **Stewardship and governance** – Good governance can enhance the long-term performance of companies, and this is encouraged by the Fund through considered voting of shares, and engaging with investee company management as part of the investment process.

The Committee has directed investment managers to consider the effects of social, environmental and ethical issues on the performance of a company when considering the acquisition, retention or realisation of investments for the Fund.

The Fund recognizes the benefits of working in collaboration with other investors to achieve its aims. The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) which is an initiative that enables the Fund to work with other investors to understand the impacts of ESG considerations on financial performance.

The Fund does not exclude investments in order to pursue boycotts, divestment or sanctions against foreign nations and UK defence industries, other than where formal legal sanctions, embargoes and restrictions have been put in place by the Government.

Voting rights

The Fund believes that good stewardship can enhance long-term portfolio performance, and is in the best interests of the Fund's beneficiaries and aligned with fiduciary duty. The Fund supports the principles of the UK Stewardship Code (the "Code").

The Committee has delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long-term shareholder value. Accordingly, the Fund's investment managers have produced written guidelines of their process and practice in this regard, which is considered as part of the appointment of an investment manager process.

Prepared by:-

Report Author

For and on behalf of Cambridgeshire County Council Pension Fund Committee

