

# PENSION FUND COMMITTEE



**Date: Thursday, 07 July 2016**

**Democratic and Members' Services**

Quentin Baker

LGSS Director: Law and Governance

**10:00hr**

Shire Hall

Castle Hill

Cambridge

CB3 0AP

**Room 128**

**Shire Hall, Castle Hill, Cambridge, CB3 0AP**

## AGENDA

Open to Public and Press

1. **Apologies for Absence and Declarations of Interest**
2. **Minutes and Action Log of the Pension Fund Committee 26 May 2016** **5 - 8**
3. **Governance and Legislation report** **9 - 18**
4. **Pension Fund Annual Business Plan Update report 2016-17** **19 - 32**
5. **Cambridgeshire Pension Fund 2016-17 Communication Plan** **33 - 40**
6. **Annual Report of the Local Pension Board** **41 - 64**
7. **Exclusion of Press and Public**

*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)*

**8. Employer Admissions and Cessations report**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

**Break**

**9. Asset Pooling**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

**10. Valuation Assumptions**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

**11. Date of Next Meeting: 10am 28 July 2016 (10am)**

**12. Further Scheduled Meetings:**

20 October 2016, 8 December 2016 and 23 March 2017

The Pension Fund Committee comprises the following members:

Councillor Roger Hickford (Chairman) Councillor Gail Kenney (Chairwoman) Councillor Joshua Schumann (Chairwoman) Councillor Maurice Leeke (Vice-Chairman)

Councillor Peter Ashcroft Councillor Noel Kavanagh

*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

The County Council is committed to open government and members of the public are welcome to attend Committee meetings. It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens. These arrangements operate in accordance with a protocol agreed by the Chairman of the Council and political Group Leaders which can be accessed via the following link or made available on request: <http://tinyurl.com/ccf-film-record>.

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>.

The Council does not guarantee the provision of car parking on the Shire Hall site and you will need to use nearby public car parks <http://tinyurl.com/ccf-car-park> or public transport



## **MINUTES OF THE PENSION COMMITTEE**

Date: Thursday 24<sup>th</sup> May 2016

Time: 10:05–10:15

Place: Kreis Viersen Room, Shire Hall, Cambridge

### **Committee Members**

present: Councillors P Ashcroft, S Count (Chairman), R Hickford (Vice Chairman), N Kavanagh, K Reynolds (substituting for Cllr Wisson) and M Shellens (substituting for Cllr Leeke); J Walker (UNISON, representing deferred and retired LGPS members)

Officers: D Cave, S Heywood, P Tysoe and R Perry

Apologies: Councillors A Fraser, M Leeke, D Seaton and J Wisson; G Deeble

## **58. ELECTION OF CHAIRMAN AND VICE CHAIRMAN**

Having been duly moved and seconded, it was unanimously resolved to appoint Councillor Hickford as the Chairman of the Pension Committee.

Having been duly moved and seconded, it was unanimously resolved to appoint Councillor Leeke as the Vice Chairman of the Pension Committee.

## **59. DECLARATIONS OF INTEREST**

John Walker declared a personal interest as a retired member of the LGPS and that his son and daughter-in-law were deferred members.

## **60. MINUTES OF THE PENSION FUND BOARD MEETING HELD ON 24<sup>th</sup> MARCH 2016**

The minutes of the Pension Fund Board meeting held on 24<sup>th</sup> March 2016 were approved as a correct record and were signed by the Chairman.

## **61. APPOINTMENT OF PENSION FUND INVESTMENT SUB-COMMITTEE (ISC)**

Having noted that as set out in the County Council Constitution the Chairman and the Vice Chairman of the Committee (Councillors Hickford and Leeke) automatically became the Chairman and Vice Chairman of the Investment Sub-Committee, the following

appointments were agreed as set out below from those relevant to take part in the approval process.

The following four Councillors listed below had been proposed by Full Council taking into account political proportionality but required the approval by the Committee.

Automatically appointed as a result of their appointment as Chairman and Vice-Chairman:

Chairman Councillor Roger Hickford (Conservative)

Vice Chairman: Councillor Maurice Leeke (Liberal Democrat)

It was resolved to confirm the following two County Councillors as the other two appointments to the Pension Fund Investment Sub-Committee

Councillor Peter Ashcroft (UKIP)

Councillor Steve Count  
(Conservative)

### **All other employers – two**

Two places were required to be drawn from the two Committee member places representing 'all other local authorities, police and fire' and the one Committee member place representing 'all other employers'.

Confirmation was awaited from Peterborough City Council that Councillor Seaton was still their appointee representing one of the 'all other local authorities, police and fire' places. The other appointee in this category was Gareth Deeble.

The Committee resolved to endorse these appointments:

- Councillor David Seaton
- Gareth Deeble

### **Scheme member representative – one**

This appointment was required to be drawn from either the one Committee member representing Active Scheme Members or the one Committee member representing deferred and pensioner scheme members. Unison (both Branch and Regional Office) had confirmed Mr Walker's reappointment.

It was resolved to endorse this appointment:

- John Walker

## **62. DATE OF NEXT MEETING 10am 7<sup>th</sup> July**

## **63. DATE OF FUTURE MEETINGS**

10am 28<sup>th</sup> July

10am 20<sup>th</sup> October

10am 8<sup>th</sup> December

10am 23<sup>rd</sup> March 2015

## CAMBRIDGESHIRE PENSION FUND

### Pension Fund Committee

### Agenda Item:

### Action log from previous meeting

This log captures the actions from the Pension Fund Committee of the 24 March 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 27 June 2016.

### Outstanding actions from 24 March 2016 meeting of the Pensions Committee

Item No.	Item	Action to be taken by	Issue	Action/Status
49	Government's Investment Reform Agenda	Mark Whitby	Members noted the estimated costs relating to the project management but stated that they wanted expenditure to be closely monitored, and reported back to every meeting, and that their expectation was that the full amount would not be required	Completed – With each asset pooling update provided to the Committee a breakdown of costs will also be provided going forward.
51	Pension Fund Annual Business Plan and Medium Term Strategy, 2016-17 to 2018-19	Mark Whitby	In a discussion about cash flows, it was agreed that this information would be provided on an annual basis. There was a discussion on the 'appropriate gap' if it was anticipated that cash flow would become negative in future (i.e. benefits exceeding contributions), so that strategy could be adjusted accordingly. It was noted that there would be a significant review of valuations in 2019. It was noted that cash flow were based on known activity levels, but there was an option to model different scenarios. It was agreed that it would be useful to model the impact on the Fund e.g. of a 10% reduction from of income from the top ten employers.	Ongoing - Officers to model future investment income based on a 10% reduction of workforce from the top ten employers.  The actuary is currently producing a set of questions suitable for assessing the future profiles of the top employers in the Fund and a survey will be distributed by the Pensions Service by mid July to relevant employers. The results of the survey will then feed into the modelling exercise.





**CAMBRIDGESHIRE  
PENSION FUND**



**Pensions Committee**

**Date:** 7 July 2016

**Report by:** Head of Pensions

<b>Subject:</b>	<b>Governance and Legislation Report</b>
<b>Purpose of the Report</b>	<b>To provide the Pension Committee with:</b> 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.
<b>Recommendations</b>	<b>That the Pensions Committee notes the content of the report.</b>
<b>Enquiries to:</b>	<b>Jo Walton – Governance and Regulations Manager, LGSS Pensions Service</b> <b>Tel: 01604 367030</b> <b>E-mail: <a href="mailto:jwalton@northamptonshire.gov.uk">jwalton@northamptonshire.gov.uk</a></b>

**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. Governance – Activities of the Scheme Advisory Board**

**2.1 Scheme Annual Report 2015**

- 2.1.1 The Scheme Advisory Board has published its third Annual Report for the LGPS in England and Wales. It is a report based on information collated from the Annual Reports and audited Financial Statements of the LGPS funds in England and Wales to 31 March 2015.
- 2.1.2 The purpose of the Annual Report is to have a single source of information regarding the status of the LGPS. One of the top priorities of the Board is to continually improve information about the Scheme as a whole.

### 2.1.3 Key information of the report is highlighted below –

- The total membership of the LGPS grew by 144,000 (2.8%) to 5.1m members in 2015 from 5.0m in 2014 and number of LGPS employers increased by 1,130 (11%) to 11,801;
- The total assets of the LGPS increased by £25.1bn (13.1%) from £192.1bn to £217.2bn. These assets were invested in pooled investment vehicles (42.8%), public equities (36.8%), fixed interest/index linked (7.7%), property (7.0%), as well as other asset classes (0.5%);
- The Local Authority return over 2014/2015 was +13.2%. This was 2.8% lower than a corporate pension fund peer group, which is based on 98 Funds (covering 60% of UK corporate funds) with a total market value of £346bn;
- The scheme continued to remain cash-flow positive. Scheme income exceeded scheme outgoings by £3bn;
- The funds all received unqualified external financial audit certificates from the scheme's external statutory auditors; and

Full details of the Annual Report can be found at -

<http://www.lgpsboard.org/index.php/schemedata/scheme-annual-report>

## 3. Governance – Activities of the Pensions Regulator

### 3.1 The Pensions Regulator – Scorpion Campaign

- 3.1.1 On 23 March the Pensions Regulator launched a revamped scorpion campaign to warn individuals of the dangers of being scammed out of their retirement savings. The campaign uses real examples of individuals who have lost their life savings in order to expose the continuing threat of pension scams.
- 3.1.2 The campaign encourages individuals near retirement who want to discuss their retirement options to call either Pension Wise or The Pensions Advisory Service. It confirms that reputable financial organisations will not call out of the blue to discuss retirement plans and recommends these calls are terminated.
- 3.1.3 The Pension Regulator has issued guidance on how trustees can help protect members against pension scams. The below table shows the 5 core areas of the guidance and how Cambridgeshire Pension Fund complies –

Core Area	Detail	Compliance	Further Information
<b>Read and share the member scams booklet</b>	Downloadable booklet for members available on the Pension Regulators website.	Published on Cambridgeshire Pension Fund website.	<a href="http://www.thepensionsregulator.gov.uk/docs/pension-scams-booklet-members.pdf">http://www.thepensionsregulator.gov.uk/docs/pension-scams-booklet-members.pdf</a>
<b>Check the details</b>	A publication for pension professionals is available to	Robust transfer process with relevant authority obtained from the	<a href="http://www.thepensionsregulator.gov.uk/docs/pensi">http://www.thepensionsregulator.gov.uk/docs/pensi</a>

	download with a check list to ensure due diligence is undertaken on all transfer requests.	member. Financial advice must be sought for any transfer value over £30,000.	<a href="#">on-scams-action-pack.pdf</a>
<b>Proactively engage with members at risk</b>	Contact members who are believed to be at risk to ensure they understand the implications of their transfer clarifying with them the points on the checklist tables.	Officers will contact individuals if a transfer arrangement does not comply with the due diligence process.	<a href="https://www.pensionsadvisoryservice.gov.uk">https://www.pensionsadvisoryservice.gov.uk</a>
<b>Direct members to The Pensions Advisory Service</b>	Ask members to call TPAS to discuss the implications of their transfer, including tax issues.	The TPAS contact information is on all transfer out correspondence to members.	<a href="http://www.pensionsadvisoryservice.org.uk">http://www.pensionsadvisoryservice.org.uk</a>
<b>Raise the alarm</b>	Alert Action Fraud if a member insists on proceeding with a transfer you believe may be a scam.	Officers will alert Action Fraud in circumstances where fraud is a high likelihood.	<a href="http://www.actionfraud.police.uk">http://www.actionfraud.police.uk</a>

### 3.2 Corporate Plans

3.2.1 The Pensions Regulator has published its corporate plan for 2016-19 which outlines their top ten priorities for the period up to 2019.

3.2.2 The top ten priorities in the plan are listed below –

1. Successfully implement automatic enrolment;
2. Protect consumers from poorly governed master trusts;
3. Effectively regulate defined benefit schemes;
4. Effectively regulate public service pension schemes;
5. Maintain confidence in pensions;
6. Improve the quality of scheme governance;
7. Extend our regulatory influence;
8. Increase member engagement with pensions;
9. Develop our people; and
10. Be an effective and efficient regulator

### 3.3 Scheme Returns

3.3.1 Scheme returns are used by the Pensions Regulator to help maintain the register of pension schemes. The information collected is shared with the Pension Protection Fund and the Pension Tracing Service.

3.3.1 It is a legal requirement to supply the scheme return and failure to do so in the timeframe specified is a breach of the Pensions Act 2004 and could lead to a fine.

- 3.3.2 Officers of the Fund have received notice that the scheme return will be sent shortly and there will be a 6 week turnaround on this.

### 3.4 Fair Deal Consultation

- 3.4.1 On 27 May the Government launched a 12 week consultation on a number of important changes to the Local Government Pension Scheme in England & Wales. A link to the consultation, along with the Draft Local Government Pension Scheme (Amendment) Regulations 2016 can be found in appendix 3. The closing date for responses is Saturday 20 August 2016.
- 3.4.2 Much of the consultation document focuses on the long awaited changes being proposed to the scheme in order to accommodate New Fair Deal. The proposed changes seek to cover all LGPS scheme employers who are public service employers: this includes local authorities, academies, together with other bodies listed in Part 1 of Schedule 2, but **excludes** further & higher education institutions and Police & Crime Commissioners. Where individuals are compulsorily transferred to a body listed in Part 2 of Schedule 2 that body will be required to designate those individuals as eligible for membership of the scheme.
- 3.4.3 The proposal is that in future such employers **must** enter into admission agreements where they compulsorily transfer scheme members (*“protected transferees”*) to an independent service provider (*“protected transferee employer”*) who does not offer an alternative public service pension scheme.
- 3.4.4 The Best Value Staff Transfers (Pension Direction) 2007 would be revoked, as it would no longer be required.
- 3.4.5 For retenders of pre-existing contracts the suggestion would appear to be that pension protection for original transferees could continue via existing broadly comparable schemes, rather than compulsory admission agreements in the LGPS, albeit that option would remain available as it is now.
- 3.4.6 Administering Authorities will be required to maintain and publish a list of all admission agreements it has entered into – including those historic agreements already in place.
- 3.4.7 Cambridgeshire Pension Fund will be participating in this consultation and the results will be presented to the Pensions Committee as soon as available.
- 3.4.8 The full consultation can be found at the following link –  
[https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations?\\_cldee=ZW5xdWlyZWVzQGh5bWFucy5jby51aw%3d%3d&urlid=0](https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations?_cldee=ZW5xdWlyZWVzQGh5bWFucy5jby51aw%3d%3d&urlid=0)

## **4. Legislation**

### **4.1 Revaluation of Local Government Pension Scheme Pensions**

- 4.1.1 Each April, a member's pension account that has accrued in the Career Average scheme (post 31<sup>st</sup> March 2014) during the period 1<sup>st</sup> April to 31<sup>st</sup> March is revalued in accordance with Public Service Pensions Revaluation (Prices) Orders.
- 4.1.2 The 2016 Order (SI 2016/438) laid before Parliament on 24<sup>th</sup> March 2016 prescribed that the full year revaluation adjustment to be applied at one second after midnight on 31 March 2016 to the Career Average pension earned up to 31 March 2016 for Schemes such as the LGPS that revalue by reference to the change in prices is a negative figure i.e. -0.1%.
- 4.1.3 Following concerns that applying the negative Revaluation Order to pensioners who left active service during the 2015/16 Scheme year would result in unauthorised payments being made, the Government clarified on 29<sup>th</sup> March 2016 that the 2016 Revaluation Order should **not** be applied to pensions in payment. The Government also confirmed that the Scheme Regulations will be changed to correct the position for future years.
- 4.1.4 This means that for the 2015/16 Scheme year a negative revaluation of -0.1% will be applied to active pension accounts in the LGPS. However, Schemes are still waiting for confirmation of the approach required for members who left part way through the 2015/16 Scheme year but did not take their pension (i.e. deferred members). The considerations are whether the -0.1% revaluation should be applied to such leavers at all, if it should be applied, whether it should be proportioned depending on when the member left during the year and how the proportioning should be done, whether in line with the Pensions Increase (Review) Order or by another method.

### **4.2 Reforms to public sector exit payments**

- 4.2.1 Earlier in 2016 the Government issued a consultation exercise which related to a person who leaves a relevant public sector employment with a salary of £80,000 or more and subsequently rejoins another part of the public sector within 12 months, may have to pay a proportion of the exit payments they received back to their prior employer.
- 4.2.2 Initially the Government expected that the reforms would take effect from April 2016. However, the draft regulations have yet to be passed, and the exit payment recovery provisions will not take effect until these are on the statute books. Whilst the Government has yet to confirm when they now expect the reforms to take effect the understanding is that they hope to have laid the regulations before Parliament before the start of summer recess in July.

### **4.3 Change to discount rate**

- 4.3.1 The 2016 Budget took place on 16th March 2016. In the Budget, the Government announced that the discount rate used for valuing public service pension schemes had been reviewed and had reduced from 3.0% to 2.8%. The reduction in the discount rate meant that immediately all transfers of pension rights to and from the LGPS would need to be suspended until revised factors and guidance had been issued by the Government's Actuary. DCLG also confirmed that Cash Equivalent Value calculations in relation to pension sharing on divorce were affected together with early retirement payment reductions; calculations for Scheme Pays, a means to offset Annual Allowance and Lifetime Allowance tax charges; commutation of trivial pensions; purchases of additional pension.
- 4.3.2 The revised guidance and factors were issued by DCLG on 29<sup>th</sup> April 2016.

### **4.4 LGPS contribution bands and employee contribution rates**

- 4.4.1 The Government confirmed that the contribution bands used to determine the employee's pension contribution rate were to remain unchanged for the 2016/2017 year.

### **4.5 Other legislation**

4.5.1 The following legislation has been issued that may have an impact on LGPS member benefits; <b>Legislation</b>	<b>Outline/Relevance to the LGPS</b>
<p>The Registered Pension Schemes (Provision of Information) (Amendment) Regulations 2016</p> <p><a href="http://www.legislation.gov.uk/ukxi/2016/308/regulation/2/made">http://www.legislation.gov.uk/ukxi/2016/308/regulation/2/made</a></p>	<p>In March 2016, SI 2016/308 was issued prescribing certain information that LGPS administering authorities must provide to scheme members in respect of the annual allowance, specifically for 2015/16, scheme administrators will need to provide pensions saving statements to scheme members where either a) their pension input amount for the whole of 2015/16 exceeded £80,000, or b) where their pension input amount for the post-alignment tax year (08/07/2015 to 05/04/2016) exceeded £40,000.</p> <p>However, scheme administrators must also provide pensions saving statements if they believe that the member has flexibly accessed their pension benefits for the first time and they have a pension input amount of £10,000 or more for money purchase or hybrid arrangements.</p> <p>The purpose of this Order is to make consequential amendments to secondary legislation resulting from the ending of contracting-out for salary related schemes on 6 April 2016. Amendments were required to ensure that members' accrued contracted out rights are preserved and that schemes are able to undertake their administrative functions following the end of contracting-out.</p>
<p>2016/200 The Pensions Act 2014 (Abolition of Contracting-out for Salary Related Pension Schemes) (Consequential Amendments and Savings) Order 2016</p> <p><a href="http://www.legislation.gov.uk/ukxi/2016/200/contents/made">http://www.legislation.gov.uk/ukxi/2016/200/contents/made</a></p>	<p>The Pension Sharing (Miscellaneous Amendments) Regulations 2016.</p> <p>This instrument amends various Statutory Instruments concerned with pension sharing on divorce to take account of changes which have already been made that give pension scheme members a wider range of options as to how they can take flexible benefits. It also makes amendments to existing regulations to clarify which pension rights are shareable on divorce. and to make it clear when a reduction for underfunding may be made.</p>

## 5. Training Events

- 5.1 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.

- 5.2 In order to facilitate the acquisition of skills and knowledge, appendix 1 lists all events that are deemed useful and appropriate.
- 5.3 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.

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

- 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

## 9. Communication Implications

<b>Training</b>	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.
-----------------	--

## 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 None

## **14. Appendices**

14.1 Appendix 1 - List of training events/conferences

<b>Checklist of Key Approvals</b>	
Is this decision included in the Business Plan?	Not applicable
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 – 14/6/2016
Has this report been cleared by Head of Pensions?	Mark Whitby – 25/5/2016
Has the Chairman of the Pension Committee been consulted?	Councillor Leeke – 14/6/2016
Has this report been cleared by Legal Services?	Quentin Baker – 15/6/2016

## Appendix 1

### 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 Pension Fund Board will benefit from attending.

2 February 2016	LGSS Triennial Valuation Training Day (NPF)	2	Officers, Committee/Board Members
3 February 2016	LGSS Triennial Valuation Training Day (CPF)	2	Officers, Committee/Board Members
26 February 2016	Schroders Trustee Training (Part 1)	1	Committee/Board Members
3 – 4 March 2016	LGC Investment Seminar	2	Officers, Committee/Board Members
15 April 2016	Schroders Trustee Training (Part 2)	1	Committee/Board Members
16 - 18 May 2016	PLSA Local Authority Conference	2	Officers, Committee/Board Members
June 2016 tbc	Heywood Class Group AGM	2	Officers
10 June 2016	Schroders Trustee Training	2	Officers, Committee/Board Members
23 – 24 June 2016	13 <sup>th</sup> Annual LGPS Trustees Conference	3	Committee/Board Members
29 June 2016	Local Pension Board – One year on Seminar	2	Board Members
19 – 20 July 2016	LGC Pension Fund Symposium	2	Officers
8 – 9 September	LGC Investment Summit	3	Officers, Committee/Board Members
October 2016 tbc	Heywood User Group	2	Officers
4 October 2016	LGSS Joint Investment Training Day	1	Officers, Committee/Board Members
6 October 2016	Fundamentals XV 2016 – Day 1	2	Officers, Committee/Board Members
19 – 21 October 2016	PLSA Annual Conference and Exhibition	2	Officers, Committee/Board Members
1 November 2016	Fundamentals XV 2016 – Day 2	2	Officers, Committee/Board Members
2 November 2016	PLSA Local Authority Forum	2	Officers, Committee/Board Members
8 November 2016	UBS Seminar Steps 1	2	Officers, Committee/Board Members
22 November 2016	UBS Seminar Steps 2	2	Officers, Committee/Board Members
22 – 23 November 2016	Pensions Managers' Annual Conference	4	Officers
29 November 2016	Fundamentals XV 2016 – Day 3	2	Officers, Committee/Board Members
December 2016	LAPFF Annual Conference	3	Officers, Committee/Board Members

With effect from October 2015, the National Association of Pension Funds (NAPF) was renamed Pensions and Lifetime Savings Association (PLSA).

# CAMBRIDGESHIRE PENSION FUND



## Pension Committee

Date: 7 July 2016

Report by: Head of Pensions

Subject:	<b>Pension Fund Annual Business Plan Update report 2016-17</b>
Purpose of the Report	<b>To present the first Pension Fund Business Plan Update for the 2016-17 financial year to the Pension Committee.</b>
Recommendations	<b>The Committee are asked to note the attached Pension Fund Business Plan update for the 2016-17 financial year.</b>
Enquiries to:	<b>Name – Joanne Walton – LGSS Pensions Governance and Regulations Manager</b> <b>Tel – 01604 367030</b> <b>E-mail – <a href="mailto:jwalton@northamptonshire.gov.uk">jwalton@northamptonshire.gov.uk</a></b>

### 1. Background

- 1.1 Good governance ensures that updates to the pre-agreed Annual Business Plan are provided to the Committee on a regular basis. This update highlights the progress made on the key activities and ensures that the Pension Fund's objectives are being met.

### 2. Business Plan Update

#### 2.1 Guaranteed Minimum Pension/Pensioner Payroll Reconciliation

- 2.1.1 As at 19 April 2016, a comparison between Altair pension in payment values and Oracle pension payments has shown that of the 14,658 records reported upon, 12,209 were showing as reconciled (disparity of less than £25 per year); 750 were showing a disparity of between £25 and less £100 per year leaving 1,496 records to be fully investigated.
- 2.1.2 In total, to date, 886 records have been amended and reconciled with no overpayments or underpayments identified.
- 2.1.3 Work continues to address the remaining un-reconciled records for disparities of greater than £100 a year.

## 2.2 Overpayment of Pensions

2.2.1 During the reporting period (January, February, March and April) there were no overpayments that occurred for any pensioner members in receipt of a pension. There was one child's pension that was overpaid during the period due to late notification, however the amount was insignificant and therefore written off.

2.2.2 During the period 70 scheme members passed away and the date of notification to the Fund resulted in an overpayment of the late members' pension. There are currently 5 of these cases being pursued for recovery of the overpayment.

2.2.3 The information in 2.2.1 and 2.2.2 is summarised in the following table:

Overpayment Type	Action	Amount	Total
Retirement	Written off	£0	£0
	In the process of recovery	£0	
Death of a Pensioner /Dependent	Written off	£4,796.01 (65 Cases)	£8,663.94
	In the process of recovery	£3,867.93 (5 Cases)	
Eligibility of a child's pension ceases	Written off	£32.34 (1 Cases)	£32.34
	In the process of recovery	£0	

2.2.4 In this period, £4,240.01 has been recovered for the 2015-16 financial year and no monies have been recovered to date in the current financial year across all overpayment types.

## **2.3 2016 Valuation of the Pension Fund**

- 2.3.1 The Scheme actuary has confirmed that stabilised employer contribution rates for 2016-17 can be assumed to apply until 31 March 2018. The actuary is also in the process of carrying out a broad assessment of scheme employers and the results are due to be sent to LGSS Pensions where the risk profile of each employer will be assessed. The scheme actuary will be presenting a comprehensive analysis of both the modelling and stabilisation and risk profiling at the July Committee meeting.
- 2.3.2 On 18 March 2016 scheme employers were provided with a direct communication created by the actuary on the importance of accurate and timely data and the impact this can have on the valuation results. The purpose of this was to give employers the opportunity to submit outstanding data before the final data cut was taken and sent to the actuary.
- 2.3.3 In order to achieve the most accurate contribution rate for each employer, a pre valuation questionnaire is due to be sent to key contacts during June 2016 to establish whether any future employer plans may affect the valuation result so this could be factored in at the earliest opportunity.
- 2.3.4 In addition, an employer forum was held on 22 April 2016, where presentations were delivered by both the scheme actuary and LGSS officers in relation to the valuation process and requirements. There were 63 employers who attended the event and the feedback was positive.
- 2.3.5 As per the valuation plan, in early June, the scheme actuary conducted a valuation briefing session for Chief Finance Officers of the County and District Councils.

## **2.4 Estimated funding position**

- 2.4.1 The Hyman's Navigation Summary provides an update to illustrate the estimated development of the funding position from 31 March 2013 to 31 December 2015. The report looks at the whole fund position and does not allow for the circumstances of individual employers. The results for individual employers can be quite different to the fund as a whole depending on their own experience and the profile of their liabilities. Differences in the relationship between the ratio of accrued liabilities and the payroll can have a large influence on changes in contributions.
- 2.4.2 The funding level as at the latest formal valuation was 72.4%. As at 31 December 2015 the funding level decreased to 69.8%. This is largely as a result of a decrease in bond yields (net of inflation), and subsequent discount rate, which places a higher value. This has been exacerbated by an increase in inflation.

## **2.5 Variances against the forecast of investments and administration expenses**

- 2.5.1 The following tables provide a breakdown of the fund account and supporting tables detailing management expenses. These figures reflect against the original estimate and inform typical reasons for variances with additional specific detail where necessary.

Cambridgeshire	2016-17 Estimate	2016-17 Forecast	Variances	Comments
	£000	£000	£000	
Contributions	(111,082)	(111,082)	0	Movements in membership and pay.
Transfers in from other pension funds:	(5,370)	(5,370)	0	Demand led
<b>TOTAL INCOME</b>	<b>(116,452)</b>	<b>(116,452)</b>	<b>0</b>	
Benefits payable	92,784	92,784	0	Movements in pensioner membership
Payments to and on account of leavers:	5,370	5,370	0	Demand led
	98,154	98,154	0	
<b>Management Expenses</b>	7,855	7,855	0	See tables below
<b>TOTAL INCOME LESS EXPENDITURE</b>	<b>(10,443)</b>	<b>(10,443)</b>	<b>0</b>	
Investment Income	(28,000)	(28,000)	0	Movements in dividend, property rentals and coupon receipts.
Taxes on Income (Profit) and losses on disposal of investments and changes in the market value of investments	(73,000)	(73,000)	0	Reflects trend movements in investment performance through the year.
<b>Net return on investments</b>	<b>(101,000)</b>	<b>(101,000)</b>	<b>0</b>	
<b>Net (increase)/decrease in the net assets available for benefits during the year</b>	<b>(111,443)</b>	<b>(111,443)</b>	<b>0</b>	

Management Expenses	2016-17 Estimate	2016-17 Forecast	Variances	Comments
	£000	£000	£000	
Total administration expenses	2,249	2,249	0	No material variance
Total governance expenses	428	428	0	No material variance
Total investment expenses	5,178	5,178	0	See below
<b>Total Management Expenses</b>	<b>7,855</b>	<b>7,855</b>	<b>0</b>	

Administration Expenses	2016-17 Estimate	2016-17 Forecast	Variances	Comments
	£000	£000	£000	
Staff related	1,184	1,184	0	No material variance
Altair system	259	259	0	In line with expectations
Communications	64	64	0	No material variance
Other non pay and income	40	40	0	No material variance
County Council overhead recovery	702	702	0	Year end activity
<b>Total Administration Expenses</b>	<b>2,249</b>	<b>2,249</b>	<b>0</b>	

Investment Expenses Analysis	2016-17 Estimate	2016-17 Forecast	Variances	Comments
	£000	£000	£000	
Management fees	4,720	4,720	0	No material Variance
Investment expenses	458	458	0	No material Variance
<b>Total Investment Expenses</b>	<b>5,178</b>	<b>5,178</b>	<b>0</b>	

## 2.6 Customer Service Excellence Standard

2.6.1 The LGSS Pension Service is working towards an accreditation in Customer Service Excellence. The standard is designed to operate on three distinct levels:

- As a driver of continuous improvement;
- As a skills development tool; and
- As an independent validation of achievement.

To achieve the standard the LGSS Pensions Service must demonstrate customer focus in the following areas:

- Customer Insight;
- The Culture of the Organisation;
- Information and Access;
- Delivery; and
- Timeliness and Quality of Service

2.6.2 A pre assessment was carried out on 3 March 2016 in which the assessor reviewed 203 individual pieces of evidence for which the feedback was extremely positive. The final assessment was scheduled for 21 June 2016. A verbal update as to the results of the assessment will be provided at the July meeting of the Pension Committee.

## 2.7 LGSS Pensions Service and scheme employer Key Performance Indicators

2.7.1 The performance for LGSS Pensions Service for the period 1 February 2016 to 30 April 2016 is as follows -

Key Performance Indicators	Target	Month		
		February 2016	March 2016	April 2016
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%	90%	79%	84%
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%	99%
Award dependant benefits. (Issue award within 5 working days of receiving all necessary information).	95%	100%	100%	98%



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%	89%	91%	92%
Provide transfer-in quote to scheme member. (Letter issued within 10 working days of receipt of all appropriate information).	95%	100%	81%	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%	100%
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%	N/A	N/A	N/A

2.7.2 The full analysis of data for the February, March and April statistics along with explanations on the lower than expected performance can be found in Appendix 1 of this report.

2.7.3 The performance for scheme employers for the period 1 February 2016 to 30 April 2016 is as follows -

Key Performance Indicators	Target	Month		
		February 2016	March 2016	April 2016
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. (Contributions to be received by individual employers by 19 <sup>th</sup> calendar day of month after deduction and statement/schedule were received by the same date as payment).	100%	98.9%*	97.30%*	Unavailable – will be reported on the next update.
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%	N/A	N/A	N/A

\* Work is continuing with employers to ensure timely submission of both payments and schedules for each calendar month

## 2.8 Timeliness of employer and employee pension contributions

2.8.1 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 19<sup>th</sup> of the month following deduction) for the period 1 April 2015 to 31 March 2016.

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
April 2015	98.2	1.8	93.0	7.03
May 2015	97.7	2.3	94.7	5.3
June 2015	97.7	2.3	95.7	4.3
July 2015	97.9	2.1	96.6	3.4
August 2015	97.5	2.5	94.7	5.3
September 2015	98.0	2.0	93.9	6.1
October 2015	97.1	2.9	94.2	5.8
November 2015	98.6	1.4	95.9	4.1
December 2015	98.9	1.1	98.0	2.0
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
<b>Average for period</b>	<b>97.95</b>	<b>2.05</b>	<b>95.9</b>	<b>4.1</b>

2.8.2 Persistent late payments are reported if an employer is late paying contributions to the Fund more than once within the reporting period or 3 months in a rolling 6 month period. On this basis there were four employers in the Fund that persistently paid contributions late and two employers who are yet to make payment for the period 1 January 2016 to 31 March 2016. All late paying employers have been contacted and reminded of the statutory deadline.

2.9.3 The first non payment case was as due to the employer sending a cheque for payment, however cheque payments are no longer accepted and this has been greatly communicated to employers both as bulk communications and direct communications to cheque paying employers. Therefore as of March 2016 cheques received are returned to the employer and until an alternative payment is made this is deemed as non payment.

2.9.4 The second non payment case is in respect of an employer who has been reported previously, full details of the current position is outlined in the Employers Admissions and Cessations Report under section 3.1.

## 2.9 Altair Payroll

2.9.1 Verbal update to be provided at the meeting.

### 3 Relevant Pension Fund Objectives

Continually monitor and measure clearly articulated objectives through business planning. <i>Objective 4</i>
---

### 4. Finance & Resources Implications

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

### 5. Risk Implications

a) Risk(s) associated with the proposal

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

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

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

### 6. Communication Implications

<b>Direct Communications</b>	The Pension Fund Business Plan Update will be presented to the Pension Fund Committee at its quarterly business meetings.
------------------------------	---

### 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 February, March and April

<b>Checklist of Key Approvals</b>	
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 – 14/6/2016
Has this report been cleared by Head of Pensions?	Mark Whitby – 26/5/2016
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Leeke – 14/6/2016
Has this report been cleared by Legal Services?	Quentin Baker – 15/6/2016

## Appendix 1 – Pensions Service KPI analysis for February, March and April

### February 2016

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within 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%	499	449	50	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%	70	70	0	100%
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	34	34	0	100%
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%	117	104	13	89%*
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	34	34	0	100%

## March 2016

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within 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%	526	416	110	79%**
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%	57	57	0	100%
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	25	25	0	100%
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%	101	92	9	91%
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	26	21	5	81%***

**April 2016**

<b>Function/Task</b>	<b>Indicator</b>	<b>Target</b>	<b>Completed</b>	<b>Within Target</b>	<b>Over Target</b>	<b>% Within Target</b>
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%	480	404	76	84%**
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%	95	94	1	99%
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	46	45	1	98%
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%	86	79	7	92%
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	4	4	0	100%

- \* This indicator is below target due to the Fund receiving an increase in estimate requests when compared to the same periods for the previous year. The amount of estimates being requested has now started to ease and this is reflected in the increased performance in this area.
- \*\* This indicator is below target due to volumes of checking of both current and backlog cases. There are legacy issues with employers notifying the section in bulk at year end. This is a red rating for March and April as they fall outside of the 5% tolerance
- \*\*\* This indicator is below target due to a misinterpretation of the SLA requirements for Interfunds, this was highlighted to relevant individuals and was a one off situation.



# CAMBRIDGESHIRE PENSION FUND



## Pension Committee

Date: 7 July 2016

Report by: Head of Pensions

<b>Subject:</b>	<b>Cambridgeshire Pension Fund 2016-17 Communication Plan</b>
<b>Purpose of the Report</b>	<b>To present the Cambridgeshire Pension Fund Communication Plan for the 2016-17 financial year to the Pension Committee.</b>
<b>Recommendations</b>	<b>The Committee are asked to approve the Communication Plan</b>
<b>Enquiries to:</b>	<b>Name - Cory Blose – LGSS Employer Services and Systems Manager Tel – 01604 367264 E-mail – <a href="mailto:cblose@northamptonshire.gov.uk">cblose@northamptonshire.gov.uk</a></b>

## 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. A Communication Plan allows stakeholders to have a structured outline of the proposed communication activity for the year demonstrating customer focus and planned compliance to meet statutory deadlines.

## 2. Legal Requirements

- 2.1 Under 61(1) of the regulations an Administering Authority must prepare maintain and publish a written statement setting out its policy concerning communications with members, representatives of members, prospective members and scheme employers.
- 2.2 Section 61 (2) states that in particular the statement must set out its policy on the following –
  - (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.
- 2.3 Section 61 (3) states that 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 above.

- 2.4 The Communication Plan in Appendix 1 of the report forms part of the policy as required by the above regulations and sets out the communication activities for the 2016-17 scheme year specifying the time frame for publishing communication items.

### **3. The Communication Plan**

- 3.1 The Communications Plan details the written and web based communications, reports and training that is planned to be delivered to provide to the Fund's stakeholders who include active scheme members; deferred scheme members; prospective scheme members; retired scheme members; dependant scheme members; scheme employers; and Fund staff.
- 3.2 The plan sets clear deadlines for these communications to ensure that statutory deadlines are met for key communications such as Annual Benefit Statements, amendments to Fund policy, Scheme changes, and publishing our annual reports and accounts.
- 3.3 The plan also provides a schedule of planned engagement activities such as member and employer newsletters and employer training sessions to ensure our stakeholders are provided with the information they need to stay informed about the Local Government Pension Scheme and engaged with the Fund.

### **4. Progress against the Communication Plan to date**

- 4.1 All activities scheduled for April have been delivered and have had a positive impact on the service. For example, in response to a direct communication promoting the use of Member Self Service and informing members, for the second time, that annual benefit statements will be issued electronically this year, the average number of weekly e-mails received regarding Member Self Service, was more than double each of the previous two months, increasing from 26.9 and 23.5 emails per week, in February and March respectively, to 58.7 in April.
- 4.2 A positive response to our Employer Forums was received with 57 employers in attendance and feedback about the day was overwhelmingly positive. Employers particularly liked that increased time was dedicated to training workshops and this feedback will be taken into consideration for future events.

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

#### **4. Finance & Resources Implications**

4.1 Not applicable

#### **5. Risk Implications**

a) Risk(s) associated with the proposal

<b>Risk</b>	<b>Mitigation</b>	<b>Residual Risk</b>
There are no risks associated with this proposal.		

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

<b>Risk</b>	<b>Risk Rating</b>
Failure to comply with statutory obligations set out in Regulation 61 of the Regulations to provide members and scheme employers with certain key communications throughout the scheme year	Red

#### **6. Communication Implications**

<b>Website</b>	The approved communication plan will be published on the LGSS Pensions website as an appendix to the Communication Policy and a “latest news” article will be published to inform stakeholders that the plan has been updated.
----------------	--

#### **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 – Communication Plan

<b>Checklist of Key Approvals</b>	
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 – 14/6/2016
Has this report been cleared by Head of Pensions?	Mark Whitby – 25/5/2016
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Leeke – 14/6/2016
Has this report been cleared by Legal Services?	Quentin Baker – 15/6/2016

## Communication Timetable 2016/2017

Month	Activity						
	Active Scheme Members	Scheme employers	Prospective Scheme members	Deferred Scheme members	Retired Scheme members	Dependant Scheme members	Fund staff
<b>April</b>	Direct letter on -  End of Contracting out  Electronic Annual Benefit Statements  Member Self Service	Spring Employer Forums  Employer Training Workshops  Importance of clean data bulletin			Payslip	Payslip	Monthly team meeting  Service Meeting  Joint Communication Group
<b>May</b>				Annual Benefit Statements  Newsletter	Payslip including life time allowance %  Newsletter	Payslip including life time allowance %	Monthly team meeting  Service Meeting  LGA Communications Working Group
<b>June</b>		Employer Covenant Questionnaire  Valuation briefing for Council CFOs					Monthly team meeting  Service Meeting

		Summer Update Bulletin					
<b>July</b>		Funding Strategy Statement Consultation  Employer Satisfaction Survey					Monthly team meeting  Service Meeting
<b>August</b>	Annual Benefit Statements  Newsletter						Monthly team meeting  Service Meeting
<b>September</b>		Autumn Update Bulletin  Employer Training Workshops	Scheme Promotion Newsletter	Second communication regarding electronic Annual Benefit Statements			Monthly team meeting  Service Meeting
<b>October</b>	Member Survey		Member Survey	Member Survey	Member Survey	Member Survey	Monthly team meeting  Service Meeting
<b>November</b>	Annual Report and Statement of Accounts	Annual Report and Statement of Accounts  Provision of individual employer	Annual Report and Statement of Accounts	Annual Report and Statement of Accounts	Annual Report and Statement of Accounts	Annual Report and Statement of Accounts	Annual Report and Statement of Accounts  Monthly team meeting

		valuation results					Service Meeting
<b>December</b>		Winter Employer Forum  Winter Update Bulletin					
<b>January</b>		Employer Training Workshops					Monthly team meeting  Service Meeting
<b>February</b>			Scheme Promotion Newsletter				Monthly team meeting  Service Meeting
<b>March</b>					Newsletter		Monthly team meeting  Service Meeting
<b>Ad Hoc Communications</b>	LGSS Pensions Website	LGSS Pensions Website  Training Workshops  Pension Bulletins	LGSS Pensions Website  LGSS Welcome Events  Posters	LGSS Pensions Website	LGSS Pensions Website	LGSS Pensions Website  Annual review of entitlement	LGSS Pensions Website  Regional Pensions Officer Groups  Pension Managers Annual Conference  Pensions

							Committee
							Valuation Report
							CLASS User Group/AGM

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



# CAMBRIDGESHIRE PENSION FUND



## Pension Committee

Date: 7 July 2016

Report by: Democratic Services Manager

<b>Subject:</b>	<b>Annual Report of the Local Pension Board</b>
<b>Purpose of the Report</b>	<b>To consider the annual report of the Local Pension Board.</b>
<b>Recommendations</b>	<b>The Pension Committee is asked to note the first annual report of the Local Pension Board.</b>
<b>Enquiries to:</b>	<b>Name – Michelle Rowe</b> <b>Tel – 01223 699180</b> <b>E-mail – <a href="mailto:Michelle.Rowe@cambridgeshire.gov.uk">Michelle.Rowe@cambridgeshire.gov.uk</a></b>

## 1. Background

- 1.1 The Local Government Scheme Advisory Board Guidance on the creation and operation of Local Pension Boards in England and Wales suggests that it is good practice for the Local Pension Board to consider publishing an annual report of the Board's activities for that year. It is consistent with good governance practices that the Board should submit this report to the Council in its capacity as the Administering Authority.
- 1.2 A copy of the draft Local Pension Board Annual Report is attached as **Appendix 1**. The report provides a summary of the work of the Board during its first year of operation. The Committee is asked to consider and note the Annual Report and raise any comments accordingly. Once finalised, the Annual Report will be presented to full Council later in the year. The report will also be published on the Council's website and the Pension Fund website

## 2. Content

- 2.1 Much of the Board's activities to date have been occupied with putting in place the policies and procedures necessary for its satisfactory operation according to statutory requirements and guidance issued by the Pensions Regulator and the Local Government Scheme Advisory Board.
- 2.2 The Board agreed that its first annual report focuses on:
  - The Constitution/Terms of Reference and membership of the Board;
  - The Code of Conduct and Conflicts Policy and progress against this;
  - The Knowledge Management Policy and progress against this;
  - The Reporting Breaches of the Law to the Pensions Regulator Policy;

- Governance Compliance Statement; and
- Details of the Board's work programme, including the progress it has made and its plans for the 2016-17 period.

### 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>

### 4. Finance & Resources Implications

4.1 Not applicable

### 5. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with this report as it demonstrates the activity of the Local Pension Board during 2015-16.		Green

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

Risk	Risk Rating
Not demonstrating compliance with the Public Service Pensions Act 2013.	Amber

## **6. Communication Implications**

6.1 Not applicable

## **7. Legal Implications**

7.1 Not applicable

## **8 Consultation with Key Advisers**

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

## **9. Alternative Options Considered**

9.1 Not applicable

## **10. Background Papers**

10.1 Not applicable

## **11. Appendices**

11.1 Appendix 1: Annual Report by the Local Pension Board

<b>Checklist of Key Approvals</b>	
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 – 14/6/2016
Has this report been cleared by Head of Pensions?	Mark Whitby – 25/5/2016
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Leeke – 14/6/2016
Has this report been cleared by Legal Services?	Quentin Baker - 15/6/2016



# **Cambridgeshire Local Pension Board**

## **Annual Report 2015-16**

# ***Contents***

	<b>Page</b>
Chairman's Foreword	3
Background	4
Role and Remit and Governance Compliance Statement	5
Constitution and Membership	6
Code of Conduct and Conflicts Policy	9
Knowledge and Understanding	10
Reporting Breaches of the Law to the Pensions Regulator Policy	15
Work Programme 2015-16	16
Work Programme 2016-17	19
Key Officers supporting the Local Pension Board	20

## ***Chairman's Foreword***

It is my pleasure, as Chairman of the Cambridgeshire Local Pension Board, to introduce the first Cambridgeshire Local Pension Fund Board Annual Report for 2015-16. The Board is a new body established in accordance with the Public Service Pensions Act 2013. Our task is to assist Cambridgeshire County Council by making sure it is administering the Local Government Pension Scheme effectively and efficiently and is compliant with the law.

The Board has not been in existence for very long and it was not until 21st October 2015 that it actually had a full complement of members. We are very much aware of the difficulties experienced in attracting applications. We therefore believe that it is important that the current membership is retained given the considerable investment made in training and development. However, we are also keen to plan for the future when the four year term of office for the current membership expires.

We have established the presence of the Board throughout existing communications to scheme members via the Pensioner Newsletter in April 2016 and the active member Newsletter in August 2016. We have also posted our details on the website for the pension scheme, and our e-mail addresses are available on the website and all of these publications. We want to hear from scheme members and employers about any issue or issues which may be causing them concern so please feel free to contact any member of the Board.

Given the timeframe much of the Board's activities to date have been occupied with putting in place the policies and procedures necessary for its satisfactory operation according to statutory requirements and guidance issued by the Pensions Regulator and the Local Government Scheme Advisory Board. As a result the Board's first annual report focuses on these areas in order to provide assurance to Cambridgeshire County Council that the Board is operating within the relevant statutory provisions and best practice principles.

As Board Members we have to absorb a lot of guidance from the Pensions Regulator and the Local Government Pension Scheme Advisory Board. We are required to be conversant with pensions' law and with a range of other regulatory material. As you would expect one of our first priorities was to establish a knowledge management policy and framework to deliver this requirement.

I am confident that the dedication and commitment of the current Board members will continue into 2016-17 in order to assist Cambridgeshire County Council in maintaining the high standards of the administration of the Fund.

Councillor Mac McGuire  
Chairman of Cambridgeshire Local Pension Board

## ***Background***

The Public Services Pensions Act 2013 requires all Public Service Pension Schemes to establish a Local Pension Board to assist the Administering Authority (Cambridgeshire County Council) to:

- secure compliance with the Local Government Pension Scheme (LGPS) regulations and other legislation relating to the governance and administration of the LGPS and also the requirements imposed by the Pensions Regulator in relation to the LGPS; and
- ensure the effective and efficient governance and administration of the LGPS.

The Cambridgeshire Local Pension Board is in addition to the existing Cambridgeshire Pension Fund Committee. It is a non-decision making body and is designed to act as a critical friend to the existing Committee and Investment Sub-Committee.

The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 relating to the creation and ongoing operation of the local pension boards were laid before Parliament on 28th January 2015 and came into force on 20th February 2015.

The Local Pension Board had to be formalised in Cambridgeshire County Council's Constitution by 1st April 2015. Established in this context means that the Administering Authority must have approved the establishment of the Local Pension Board, its composition and also the terms of reference, in accordance with its constitution. It does not necessarily mean that the Local Pension Board has to be fully operational by this date. However, it is anticipated that a Local Pension Board should be operational within a reasonably practicable period after 1st April 2015 (being no longer than 4 months).

The Cambridgeshire Local Pension Board was established by Cambridgeshire County Council (the administering authority) at its full Council meeting on 24th March 2015. The first meeting of the Board was held on 16th July 2015.



## ***Role and Remit***

The role and remit of the Cambridgeshire Local Pension Board is to assist Cambridgeshire County Council (the administering authority) by making sure it is administering the Local Government Pension Scheme effectively and efficiently and, in doing so, is complying with relevant laws and regulations. The Board does this by reviewing the policies and practices that Cambridgeshire County Council has adopted and checking them against the applicable regulations, as well as comparing them to examples of best practice elsewhere.

## ***Governance Compliance Statement***

Each Administering Authority must have in place a Governance Compliance Statement that sets out whether it delegates its functions, or part of its functions under the Regulations to a committee, a sub-committee or an officer of the authority. Where the Administering Authority does delegate its functions, the statement must include:

- the terms, structure and operational procedures of the delegation;
- the frequency of any committee or sub-committee meetings;
- whether such a committee or sub-committee includes representatives of scheme employers or members, and if so, whether those representatives have voting rights;
- the extent to which a delegation, or the absences of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and
- details of the terms, structure and operational procedures relating to the Local Pension Board.

## ***Constitution and Membership***

Cambridgeshire County Council approved the terms of reference for the Cambridgeshire Local Pension Board on the basis that the Board is a stand-alone authority. With the assistance of the Local Pension Board, it has also approved standing orders for the Board. A copy of both documents is available at the following link

[http://www.cambridgeshire.gov.uk/info/20050/council\\_structure/288/councils\\_constitution](http://www.cambridgeshire.gov.uk/info/20050/council_structure/288/councils_constitution) (see Part 3B - Responsibility for Functions, Committees of Council, Pension Fund Committee)

A Local Pension Board must include an equal number of employer and member representatives with a minimum requirement of no fewer than four in total. At its meeting on 24th March 2015, Cambridgeshire County Council agreed to establish a Local Pension Board with three employer representatives and three scheme member representatives. The term of appointment for all members is four years or until qualification for membership ceases.

The method of appointment is two employer representatives to be appointed by Cambridgeshire County Council Full Council and all other members to be appointed via an open and transparent selection process. An application pack containing the terms of reference and an outline of the knowledge and understanding and capacity requirements was made available and advertised to employers and members within the Fund in a way that was compliant with the requirements set out in the Local Government Pension Scheme (LGPS) – Guidance on the Creation and Operation of Local Pension Boards in England and Wales. Following receipt of applications from potential representatives, a short listing and interview process involving the Council's Monitoring Officer or his representative determined that the representative had the required attributes to carry out the role effectively.




The first recruitment process led to the appointment of two scheme member representatives – Mr Barry O'Sullivan and Mr John Stokes. The Board was asked to consider how the appointments to the outstanding employer and scheme member vacancies should be made. It was resolved to re-advertise the vacant places, which resulted in the appointment of Mr Ian Dewar and Mr David Brooks.

The membership of the Board is as set out overleaf:

### Employer Representatives

		
Councillor Mac McGuire Employer Representative	Councillor Lucy Nethsingha Employer Representative	Ian Dewar Employer Representative
Deputy Leader of Cambridgeshire County Council & Conservative Group	Leader of the Cambridgeshire County Council Liberal Democrat Group	Parish Councillor of Sutton Parish Council
<a href="mailto:Mac.McGuire@cambridgeshire.gov.uk">Mac.McGuire@cambridgeshire.gov.uk</a>	<a href="mailto:nethsingha@btinternet.com">nethsingha@btinternet.com</a>	<a href="mailto:ceo@capalc.org.uk">ceo@capalc.org.uk</a>
Appointed: 12 May 2015	Appointed: 12 May 2015	Appointed: 21 October 2015

### Scheme Member Representatives

		
David Brooks Scheme Member Representative	Barry O'Sullivan Scheme Member Representative	John Stokes Scheme Member Representative
Former Vice- Principal – Business of The Thomas Deacon Academy	Cambridgeshire County Council Customer Service Advisor	Former Senior Architectural Technologist
<a href="mailto:david.jf.brooks@talk21.com">david.jf.brooks@talk21.com</a>	<a href="mailto:Barry.O'Sullivan@cambridgeshire.gov.uk">Barry.O'Sullivan@cambridgeshire.gov.uk</a>	<a href="mailto:johnjstokes@btinternet.com">johnjstokes@btinternet.com</a>
Appointed: 21 October 2015	Appointed: 16 July 2015	Appointed: 16 July 2015

The Chairman/woman and Vice-Chairman/woman of the Board is elected by the Board on annual basis.

The current Chairman is Councillor Mac McGuire and the Vice-Chairman is Mr Barry O'Sullivan.

The Board has met four times during the period of this Annual Report. The attendance record for members of the Board is detailed below:

<b>Date</b>	<b>Cllr Mac McGuire</b>	<b>Cllr Lucy Nethsingha</b>	<b>Ian Dewar</b>	<b>David Brooks</b>	<b>Barry O'Sullivan</b>	<b>John Stokes</b>
16/07/15	Attended	Attended	Not yet appointed	Not yet appointed	Attended	Attended
21/10/15	Attended	Attended	Attended	Attended	Attended	Attended
20/01/16	Attended	Not in attendance	Attended	Apologies	Attended	Attended
28/04/16	Attended	Attended	Not in attendance	Attended	Attended	Attended

## ***Code of Conduct and Conflicts Policy***

Cambridgeshire County Council (the Administering Authority) is required to prepare and approve a code of conduct for the Board to adopt. The code of conduct should set out the standards of behaviour expected of members, incorporating the 'Seven Principles of Public Life' (known as the Nolan Principles).

The elected and co-opted members of a local authority are governed by their local authority's code of conduct for councillors. This code is required of every local authority by the Localism Act 2011 and sets out the standards of behaviour expected of individuals in their capacity as councillors. In addition, there is a legal obligation for councillors to disclose, in a register maintained by the authority's monitoring officer, certain pecuniary interests, as defined in regulations made under the 2011 Act. Both of these requirements apply to any members of a Local Pension Board who are also councillors of a local authority. They do not apply to members of a Local Pension Board who are not Councillors unless they are specifically adopted in terms of reference or other policy document to apply to the other members of the Board.

The Cambridgeshire Local Pension Board has agreed formally, at its meeting on 21st October 2015, to adopt the Cambridgeshire County Council Code of Conduct for all members of the Board. A link to the completed code of conduct forms for Board members is available below:

[http://www.cambridgeshire.gov.uk/info/20087/councillors\\_and\\_meetings/313/county\\_councillors/4](http://www.cambridgeshire.gov.uk/info/20087/councillors_and_meetings/313/county_councillors/4)

It is not anticipated that significant conflicts of interest will arise in the same way as would be the case if the Board was making decisions on a regular basis (compared, for example, to a Pensions Committee). However, officers will take steps to identify, monitor and manage conflicts effectively.

## ***Knowledge and Understanding***

In accordance with Section 248A of the Pensions Act 2004, every individual who is a member of a Local Pension Board must be conversant with:

- the rules of the Local Government Pension Scheme (LGPS)
- any document recording policy about the administration of the Fund which is for the time being adopted in relation to the Fund.

Each individual must have knowledge and understanding of the law relating to pensions and such other matters as may be prescribed.

Cambridgeshire County Council (the Administering Authority) is required to make appropriate training to Local Pension Board members to assist them in undertaking their role and where possible support all members of the Board in undertaking that training.

The Board is required to establish and maintain a policy and framework to address the knowledge and understanding requirements that apply to its members.

Being conversant with the rules of the LGPS and any document recording policy about the administration of the Fund means having a working knowledge (i.e. a sufficient level of familiarity) of them so that members of a Local Pension Board can use them effectively when carrying out their role of assisting the County Council.

In particular members of a Local Pension Board need to understand the rules and documents in enough detail to know where they are relevant to an issue and where a particular provision or policy may apply.

In order to assist Cambridgeshire County Council, it is implicit that members of Cambridgeshire Local Pension Board understand the duties and obligations that apply to the Council as well as to themselves.

The rules of the LGPS would include:

- the Regulations;
- the Investment Regulations; and
- the Transitional Regulations (including any earlier Regulations as defined in the Transitional Regulations to the extent they remain applicable), and any statutory guidance referred to in these regulations.

A Local Pension Board is required to prepare and keep updated a list of the core documents recording policy about the administration of the Fund and make sure that the list and documents (as well as the rules of the LGPS) are accessible to its members. The LGSS Pensions Team has prepared such a list for Cambridgeshire Local Pension Board members, which is available at the following link:

<http://pensions.cambridgeshire.gov.uk/index.php/governance2/key-documents>

The Board needs to be aware of the range and extent of overriding law which applies to the LGPS and have sufficient knowledge and understanding of the content and effect of that law to recognise when and how it impacts on their role, responsibilities and duties.

Given the role of the Cambridgeshire Local Pension Board is to assist Cambridgeshire County Council, members of a Board need to have sufficient knowledge and understanding to challenge any failure by the Council to comply with the Regulations and other legislation relating to the governance and administration of the LGPS (which is interpreted as including the Regulations and other legislation relating to investment and funding matters) and/or any failure to meet the standards and expectations set out the Code of Practice.

Members of the Board are required to have a breadth of knowledge and understanding that is sufficient to allow them to understand fully any professional advice it is given. They must be able to challenge any information or advice they are given and understand how that information or advice impacts on any decision relating to their duty to assist the Council.

A Local Pension Board's knowledge management policy and framework provides for the acquisition and retention of knowledge and understanding for its members. Members of the Local Pension Board are aware that their knowledge and understanding responsibilities technically began from the date they first took up their post.

The knowledge management policy and framework requires its members to undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.

A personalised training plan is then be used to document and address these promptly. This would be supported by any person the Local Pension Board has designated to implement the knowledge management policy and framework.

Learning programmes deliver the appropriate level of detail to ensure that Local Pension Board members have the required level of knowledge and understanding specific to the LGPS. The Pensions Regulator has provided an e-learning programme which has been developed to meet the needs of all members of public sector scheme pension boards, whether or not they have access to other learning. It is not anticipated that this e-learning module alone would provide the sufficient level of LGPS specific training required for Local Pension Board members. A number of members of the Cambridgeshire Local Pension Board have already completed the Pension Regulator's Toolkit, which is a compulsory requirement under the Knowledge Management Policy. Members who have not completed the Toolkit have been contacted with a reminder and provided with a link as follows:

<http://www.thepensionsregulator.gov.uk/public-service-schemes/learn-about-managing-public-service-schemes.aspx>

The Knowledge Management Policy is established to assist the Pension Fund Board in performing and developing its individual role in accordance with the Terms of Reference 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.

The Knowledge Management Policy incorporates both the best practice as identified by the CIPFA Technical Knowledge and Skills Framework and the requirements of the Pensions Regulator.

The CIPFA framework covers eight areas of knowledge identified as the core requirements for effective management of a public sector pension fund. These are:

- pensions legislation;
- pensions governance;
- pensions administration;
- 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.

The Pension Regulator's Code of Practice requires all members of the Local Pension Fund Board to maintain the necessary skills and knowledge to undertake their role effectively. Board members need to be conversant with the rules of the scheme and any document recording policy about the administration of the scheme; and to have knowledge and understanding of the law relating to pensions and any other matters which are prescribed in regulations.

The framework is designed to improve knowledge and skills in all relevant areas of activity of a Pension Fund Board and assist Board members in achieving a degree of knowledge appropriate for the purpose of enabling individuals to properly exercise the functions of a member of a pension board.

The Knowledge Management Policy also recognises the requirement that skills and knowledge in the remit of a local pension board must be on an individual not collective basis. As such self- assessments will identify individual training needs following which appropriate training will be arranged.

The Policy sets out the methods by which the members of the Pension Fund Board will achieve and maintain the required knowledge and understanding and how this will be measured on an ongoing basis.

The Local Pension Board is required to keep appropriate records of the learning activities of individual members and the Local Pension Board as a whole. This will assist members in demonstrating their compliance, if necessary, with the legal requirement and how they have mitigated risks associated with knowledge gaps.



It is a statutory requirement to include details of the training undertaken by members of the Pension Fund Board in the Fund's Annual Report. In addition, this information may be required by other agencies such as the Pensions Regulator from time to time.

A schedule detailing the training undertaken by Cambridgeshire Local Pension Board members is detailed below:

<b>Member</b>	<b>Event</b>	<b>Date</b>
Cllr McGuire	LGA Local Pension Board Training	21/05/2015
Cllr Nethsingha	LGSS Joint Local Pension Board Training	1/09/2015
	LGSS Valuation Training	3/02/2016
Ian Dewar	LGSS Valuation Training	3/02/2016
Barry O'Sullivan	LGA Local Pension Board Training	21/05/2015
	LGSS Joint Local Pension Board Training	1/09/2015
	UBS First Steps	3/11/2015
	UBS Second Steps	3/11/2015
	LGSS Valuation Training	3/02/2016
	Completion of the Pension Regulator's Toolkit	
John Stokes	LGA Local Pension Board Training	21/05/2015
	LGSS Joint Local Pension Board Training	1/09/2015
	LGSS Pensions Liability Driven Investment & Passive Investment Training Day	27/10/2015
	LGSS Valuation Training	3/2/2016
	Completion of the Pension Regulator's Toolkit	
David Brooks	Completion of the Pension Regulator's Toolkit	

At its first meeting on 16th July 2015, the Board considered a proposal for developing and maintaining a policy and framework to address the knowledge and understanding requirements that apply to members of the Local Pension Board. It was agreed to delegate responsibility to the Democratic Services Manager and the LGSS Pensions Service Governance and Regulations Manager for ensuring that the knowledge and

framework for the Local Pension Board was developed and implemented. Together with the Pensions Team, the Board felt that Democratic Services should develop and maintain a training record for each Board member.

The Board received a copy of its draft Knowledge Management Policy at its second meeting on 21st October 2015. At the meeting it was noted that following discussions with Hymans Robertson further improvements to the policy would be made and that this was currently being worked on. The Board approved the Knowledge Management Policy for Cambridgeshire Pension Fund Board Members which is available at the following link (see *item 7*):

<http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/Meeting.aspx?meetingID=1069>

## ***Reporting Breaches of the Law to the Pensions Regulator Policy***

In accordance with section 70 of the Pensions Act 2004, certain individuals must report to the Pensions Regulator as soon as reasonably practicable where that individual has reasonable cause to believe that:

- a duty which is relevant to the administration of the LGPS, and is imposed by or by virtue of an enactment or rule of law, has not been or is not being complied with; and
- the failure to comply is likely to be of material significance to the Regulator in the exercise of any its functions.

This obligation directly applies to each individual who is a member of the Local Pension Board. The Local Pension Board must therefore have effective arrangements in place to meet its duty to report breaches of law.

At its meeting on 21st October 2015, the Cambridgeshire Local Pension Board was informed that, in line with the Pensions Regulator's Code of Practice number 14 (Governance and administration of public service pension schemes), the Fund has developed a policy that sets out the mechanism for reporting breaches of the law.

The policy ensures that those with a responsibility to report breaches of the law are able to meet their legal obligations, by analysing situations effectively in order to make an informed decision on whether a breach has been made.

As the Cambridgeshire Local Pension Fund Board does not have decision making powers, the Board is not able to approve this policy. Instead it reviewed the Policy on 21st October 2015 before it was approved by the Pension Committee at its meeting on 22 October 2015.

A copy of the "Reporting Breaches of the Law to the Pensions Regulator Policy" is available at the following link:

<http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/Meeting.aspx?meetingID=1070>

## ***Work Programme 2015-16***

The Cambridgeshire Local Pension Board has met four times in 2015-16 on 16th July 2015, 21st October 2015, 20th January 2016 and 28th April 2016.

### ***Board Meeting – 16th July 2015***

At its first meeting on 16th July 2015, the Board received a presentation that provided background and context to the operation of the Cambridgeshire Pension Fund. Other issues considered by the Board at this meeting relate to the Board's Terms of Reference and Standing Orders and Knowledge and Understanding Policy Framework, which are covered separately in the Annual Report.

Also at this meeting the Board received a report setting out its priorities and work programme for 2015-16. The work programme is reviewed at every Board meeting in order to take account of issues that arise during the year and changes to Pension Fund Committee planning and decision-making timescales. The Board requested that the Governance and Regulations Manager in consultation with Democratic Services identify a work programme based upon the Pension Committee work programme.

### ***Board Meeting – 21st October 2015***

The Board reviewed the following three standing reports presented to the June 2015 Pension Committee meeting: The Business Plan Update Report; Employers Admissions and Cessations Report; and the Governance and Legislation Report. As part of its discussion on these reports, the Board focused on cessation deficits.

The Board received the Cambridgeshire Pension Fund Annual Report and Statement of Accounts 2014-15. In noting this report, the Board questioned investment management expenses, the unit cost per member and higher fees. The Board also considered the policy regarding breaches of the law to the Pensions Regulator which is covered elsewhere in the Annual Report.

Finally the Board considered, as a confidential item, the Annual General Meeting (AGM) of the Cambridgeshire Pension Fund 2014-15 catch-up report. The report provided an update of the topics discussed at the AGM that relate to the Fund financial performance during that period.

### ***Board Meeting – 20th January 2016***

The Board considered arrangements to address the issue of substitute members, succession and the length of service for Board members. As covered in the Chairman's Foreword, the Board has done much to promote itself to scheme members. It is proposed to build a waiting list of potentially interested applicants via a link on the website.

Following a request from the Board, it now receives at each meeting an executive summary of standing items presented to the Pensions Committee, which included the Business Plan Update Report; Overpayment of Pensions Report; Employers Admissions and Cessations Report; and the Governance and Legislation Report.

At this meeting, the Board received the policy for Admission Bodies, Scheme Employers and Bulk Transfer. The policy had been presented and approved at the Pension Committee meeting that took place on 22nd October 2015. It had been revised following an exercise to streamline the policy and amend a number of technical terms following the introduction of the Local Pension Scheme Regulations 2013.

The Payment of Employee and Employer Pension Contributions was presented to the Board. The policy was designed to ensure that both scheme employers and officers of the Fund had a clear process for dealing with non-compliance and to provide further strength and evidence to the Pensions Regulator that as a Fund, all the relevant controls were in place. The policy had been approved by the Pensions Committee on 17th December 2015 and would become effective from April 2016.

The Board received the Statement of Investment Principles July 2015. The Local Government Pension Scheme regulations required every administering authority to prepare, maintain and publish a written statement of the principles that governed its decisions about the investment of Fund money. During discussion Board members clarified their understanding of the benchmark targets.

### ***Board Meeting – 28th April 2016***

The Board received an executive summary of standing items presented to the Pensions Committee, which included the Governance and Legislation Report, the Government's Investment Reform Agenda, Employers Admissions and Cessations Report and the Risk Strategy. Members were pleased to note that the statutory requirement to produce an Annual Benefit Statement to all active scheme members by 31 August each year had been met in 2015.

The Board received the Annual Business Plan and Medium Term Strategy, 2016/17 to 2018/19. The key fund activities were highlighted to Board members and how the activities related to a Pension Fund objectives.

The Board considered the results of the survey of governance and administration and the extent to which the Cambridgeshire Pension Fund had achieved compliance with the Pensions Regulator's code of practice. The Board also received the Service Administration Performance Report that focussed on the work undertaken regarding the administration of the Pension Scheme.

More detail is available in the agendas and minutes of the above Cambridgeshire Local Pension Board meetings which can be accessed via following link:

<http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/Committee.aspx?committeeID=87>

The Cambridgeshire Local Pension Board maintains an action log which is reported at each meeting to ensure that actions agreed at its meetings are followed up.

## ***Work Programme 2016-17***

The Cambridgeshire Local Pension Board maintains a work programme (agenda plan) which is considered at every meeting. The Work Programme for 2016-17 is as set out below:

- asset pooling and valuations (valuations training to be completed first)
- Risk Register to be presented to its meeting on the 22 July prior to presentation to the Pensions Committee; and
- Funding Strategic Statement, when available, which is subject to revised CIPFA guidance.

## ***Key Officers supporting the Local Pension Board***

**Head of Pensions**

Mark Whitby  
[MWhitby@northamptonshire.gov.uk](mailto:MWhitby@northamptonshire.gov.uk)  
01604 368502

**Governance & Regulations  
Manager**

Joanne Walton  
[JWalton@northamptonshire.gov.uk](mailto:JWalton@northamptonshire.gov.uk)  
01604 367030

**Governance Officer**

Michelle Oakensen  
[MOakensen@northamptonshire.gov.uk](mailto:MOakensen@northamptonshire.gov.uk)  
01604 366535

**Democratic Services Manager**

Michelle Rowe  
[michelle.rowe@cambridgeshire.gov.uk](mailto:michelle.rowe@cambridgeshire.gov.uk)  
01223 699180

**Democratic Services Officer**

Daniel Snowdon  
[daniel.snowdon@cambridgeshire.gov.uk](mailto:daniel.snowdon@cambridgeshire.gov.uk)  
01223 699177