

Northamptonshire Local Government Pension Fund Annual Business Plan and Medium Term Strategy 2013-14 to 2016-17

Part 1 – Introduction, Context and Financials.

Purpose

Under the Local Government Pension Scheme Regulations, Northamptonshire County Council is required to maintain a pension fund for its employees and those of other bodies within its area, as well as former employees and their dependants.

This plan outlines the key influences and issues that will impact on the Northamptonshire Pension Fund during the next few years. It also outlines the expected payments to and from the Fund during 2013-14, including the resources required to manage the Fund.

Background

As at 31 December 2012 the assets of the Fund were £1.3bn. At the last formal actuarial valuation it was certified as there being sufficient assets to meet 67% of the Fund's liabilities.

The total scheme members in the Fund as at 31 December, was:

	December 2011	December 2012
Active members	17,403	17,163
Pensioners/dependents	12,884	13,453
Deferred members	16,584	16,910
Total	46,871	47,526

This membership spans 125 employers including:

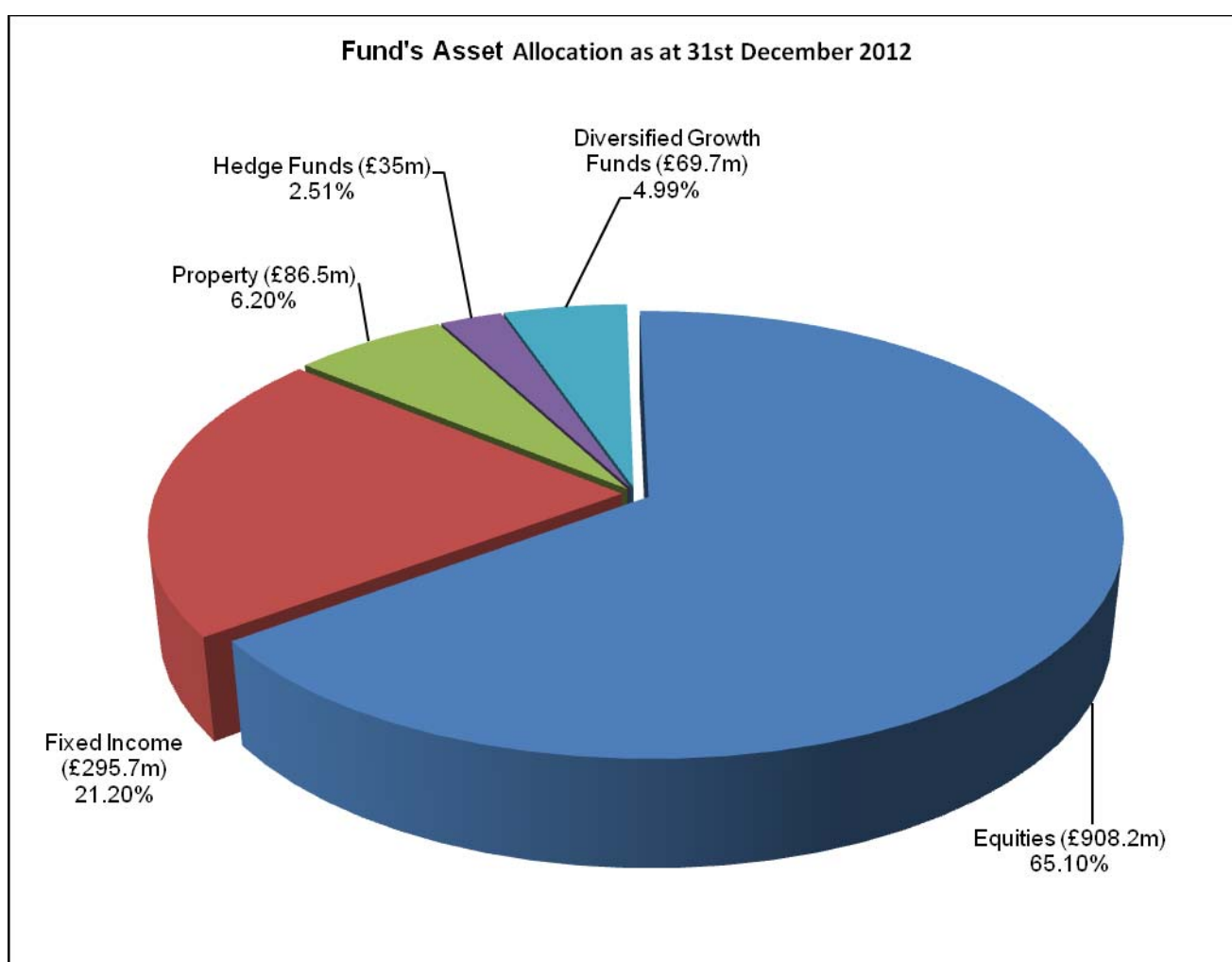
Category of Body	Number of Bodies
Local Authorities (includes Northamptonshire County Council)	8
Colleges and Educational Establishments	60
Other Scheduled Bodies	2
Town and Parish Councils	19
Community Admission Bodies	14
Transferee Admission Bodies	22

The Fund's investment objective as set at the last actuarial valuation, is to achieve an excess return of 1.6% p.a. over gilts. The Fund aims to achieve this by investing in a range of asset classes with a number of investment managers.

The Fund has 65% invested in long term growth assets i.e. equities in order to have a high expected return over the medium/long term. This should help to limit the level of contributions payable over time.

The rest of the asset allocation is in fixed income (21%) to dampen the volatility of the overall Fund portfolio and to provide some stability to returns during periods when there are poor returns from riskier asset classes.

To further diversify investment risks and generate other sources of returns, the Fund is invested in a basket of 'alternative' asset classes (property 6%, Hedge Fund of Funds 2.5%, and a Diversified Growth Fund 5%)



Fund Objectives

The existing objectives have been agreed for the Fund through key strategy documents such as the Funding Strategy Statement, Communications Policy, Governance Compliance Statement, Training Plan and Statement of Investment Principles.

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

Perspective	Outcome
Governance	<ul style="list-style-type: none"> • To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies. • Ensure the Fund and its stakeholders have the appropriate skills and receive training to ensure those skills are maintained in a changing environment.

Key Influences

Looking forward into the 2013-14 financial year and beyond there are many challenges for the Pension Fund.

LGSS will continue to develop and enhance the delivery of all Pension Fund services, further strengthening the “one” team servicing multiple funds culture. Gaining audit assurances for the converged Pension Services processes will confirm the consistent high standards of service provision to the funds that LGSS supports. Pension Services will deliver the LGSS Centre of Excellence model by converging the current two office provision onto one main site.

The continued development of the IT solution leads the drive for greater efficiencies for both Fund and Employers in addition to facilitating data improvement, through the continued roll out of I Connect and self service customer solutions, enhanced administrative systems and Pensions website; all of which commenced in 2012-13 and will be further embedded in the years ahead.

Looking forward key projects include:

- Delivery of the 2013 Valuation
- Review of the Funds Asset Allocation Strategy
- Implementation of a joint custodian for the Cambridgeshire and Northamptonshire Funds
- Review of the current Investment Consultants of each Fund
- Implementation of LGPS 2014
- Auto enrolment
- Skills and Knowledge programme
- Implementation of the Administration Strategy including Service Level Agreement with Employers
- Continued development of LGSS Pension Services as a business unit
- Continued improvements to the Governance of the Fund
- Continued improvements to the management of the Fund’s investments to drive better returns across all asset classes.

Finally the ever demanding economic universe is setting a challenge for the Investment team to meet the investment target of gilts plus 1.6%. With all eyes yet again closely following developments in the Euro zone, the perennial key issues remain to be addressed in these difficult times.

Financials

Overview

These continue to be challenging times for the management of the Pension Fund. The Government's austerity measures continue with ever greater impact on employers' budgets and consequential filtering through to employees of the Scheme.

The following table sets out the Fund Account in relation to scheme members. The information looks at the current year's projected costings and projects forward over the next four years to 2016-17, in line with the work programme of the Fund in Appendix A.

Fund Account					
	2012-13 Estimated Outturn	2013-14 Budget	2014-15 Budget	2015-16 Budget	2016-17 Budget
	£000	£000	£000	£000	£000
Contributions	-87,500	-91,900	-94,200	-96,600	-99,100
Transfers in from other pension funds:	-3,000	-5,000	-5,000	-5,000	-5,000
TOTAL INCOME	-90,500	-96,900	-99,200	-101,600	-104,100
Benefits payable	76,200	78,100	80,400	82,800	85,280
Payments to and on account of leavers	6,000	6,000	6,000	6,000	6,000
Administration Expenses	2,710	2,559	2,460	2,460	2,460
TOTAL EXPENDITURE	84,910	86,659	88,860	91,260	93,740
Net additions from dealing with members	-5,590	-10,241	-10,340	-10,340	-10,360

Income

Employer Contributions

The 2013-14 budget reflects anticipated increases over the 2012-13 estimated outturn in respect of average Fund employer contributions from 20.9% to 21.9% (a 5% increase) following the 2013 valuation with an estimate of transfer in activity. The projected revenues from contributions through to 2016-17 maintain this assumption, as the 2010 valuation assumed a two valuation approach to smoothing at that time. If however, the 2013 valuation results differ materially from this assumption, the projected contributions will require amendment.

Member Contributions

In respect of member contributions it has been assumed volume of membership will reduce slightly over the period, albeit auto enrolment should support maintenance of membership numbers, but this is very difficult to predict. Other potentially significant influences are the advent of the 2014 scheme changes permitting a 50:50 option, pay rises over the period being static and a slower but continued momentum of redundancies within the partnering

employers. It is considered prudent therefore to project a slight reduction in membership contributions over the period.

Valuation

It is considered that the policy adopted by the Board at the time of the 2010 Valuation for deficit payments to be crystallised as cash balances has provided a positive protection for the Fund. The 2013 valuation will assume the continuation of the Fund 20 year deficit recovery period commenced at the time of the 2010 valuation, however, it should be noted that some employers have individually set deficit recovery periods.

Expenditure

Benefit Payments

Expenditure is set to increase reflecting annual pension increases, in addition to a naturally increasing pensioner membership base, compounded by the upward pressure of the continuation of austerity measures. A 2.5% (2013-14) and 3% (2014 onwards) assumption is therefore provided for.

Payments to and on Account of Leavers

These reflect new pensioners (payment of Lump Sum) and transfers out activity and is very much demand led. The figures are projected on a flat annual basis so as not to distort the overall financial picture, as future estimates cannot be predicted with certainty and can be as easily shown higher or lower.

Net additions from dealing with members

Over the medium term period a surplus of approximately £10m per annum is projected, but is dependant upon a number of uncertain influences, which include the level of 2013 valuation contribution rates, future membership numbers, inflation factors, the 2014 new scheme and the continued impact of austerity measures.

Fund Administration and Investment Costs

Pension Services costs as detailed in the following table cover core administration dealing with members and employers, governance arrangements of the Board and Investment Sub Committee including training. Other costs are listed separately.

PENSION SERVICES EXPENSES ACCOUNT					
	2012-13 Estimated Outturn	2013-14 Budget	2014-15 Budget	2015-16 Budget	2016-17 Budget
	£000	£000	£000	£000	£000
Pension Fund Employee costs	1200	1053	953	953	953
Non Pay Pension Services and Fund costs	545	540	540	540	540
Payments to the County Council for Services provided.	617	617	617	617	617
External Audit fees	48	49	50	50	50
Actuarial Fees	300	300	300	300	300
TOTAL EXPENDITURE	2,710	2,559	2,460	2,460	2,460

The following table details investment costs.

INVESTMENT EXPENSES ACCOUNT					
	2012-13 Estimated Outturn	2013-14 Budget	2014-15 Budget	2015-16 Budget	2016-17 Budget
	£000	£000	£000	£000	£000
Fund Performance Monitoring Costs	42	42	42	42	42
Investment Consultancy costs	349	200	150	150	150
Custody Fees	250	250	150	150	150
Fund Manager Fees	3,687	3,387	3,387	3,387	3,387
TOTAL EXPENDITURE	4,328	3,879	3,729	3,729	3,729

In respect of administration expenses, looking forward, reductions for efficiencies mainly within employee related costs have been reflected over 2013-14 and 2014-15 in excess of £200k. Certain categories of costs have been highlighted such as Payments to the County Council for services provided, External Audit and Actuarial costs.

Payments to the County Council covers the provision of services such as office accommodation, procurement, Democratic Services, legal, Information technology, financial transactions such as payroll and exchequer, Human Resources, Internal Audit and Management overheads.

External Audit fees are assumed to increase in line with inflation.

The pressure on actuarial support to the Fund will be important reflecting the difficult challenges the Fund will face over the next decade. An example of the value of actuarial support can be reflected in an Employer risk initiative, where a robust inventory of employer profiles is being explored to provide a better understanding of employer related risks to the Fund. Additional support is required for the 2013 Valuation, the 2014 new scheme, Employer admissions and cessations, etc. It should be noted that the Fund is finding it necessary to explore the ever increasing risk pressures, which were not even considered a decade ago.

The Investment team's pressures over this duration will include formal reviews and implementation of the Asset Allocation Strategy of the Fund, fee benchmarking across investment service providers to the Fund, procurement of a single custodian for both Cambridgeshire and Northamptonshire Pension Funds, appointment of a new independent investment adviser to the Fund, strengthening internal teams investment skills and knowledge to reduce reliance on external costs and looking at joint investment initiatives between the Northamptonshire and Cambridgeshire Pension Funds, including potential efficiencies in closer working across local government pension schemes in the UK.

Work Programme

Appendix A sets out the future high level work programme which demonstrates a continuation of the pace of change and improvements that occurred in 2012-13. The financial resources for which are shown in the tables above.

In respect of Business Development, the service is looking to achieve ISO accreditation by April 2015 and customer service recognition through excellence charters. We will also be exploring a pensions payroll solution for delivery by Pension Services.

The 2014 new scheme arrangements continue apace with draft regulations being subject to consultation by the 8th February 2013. The Business Plan considers the impact on the Fund and service delivery pressures for such a tight timescale. This pressure will continue beyond 2015-16 as the implications and refinements to the scheme filter through.

The Fund is currently working through the 2013 valuation, being a reassessment of the health and financial well being of the Fund, with an outcome to set the contribution rates for employers for the next three financial years. These revised rates will impact in April 2014 through to March 2017, with revised rates usually stepped over the three years. This is an ever increasingly challenging process, with the need to balance the financial pressures on the constituent employers and the financial viability of the Fund. Board members main focus has to be the financial viability of the Fund and the Scheme's members to whom they are responsible.

2013-14 and beyond will see a steady delivery of the Training Plan adopted in October 2012. This Plan recognises the importance for Board members to be adequately trained to support informed decision making. The delivery of a full cycle of the six modules that constitute the training framework will be undertaken over eighteen months, effectively one training day per half year, with each training day covering two of the modules. This programme will continue on a rolling basis. These training days will be provided jointly between both Cambridgeshire and Northamptonshire Funds for efficiency and cost effectiveness.

Employers in the Fund will become subject to auto enrolment over this medium term timeframe with larger employers being required to implement auto enrolment ahead of the smaller employers. Although auto enrolment should support the membership take up in the Scheme, recognition of financial pressures for members in these times of austerity is important. To monitor the potential impact on the Fund measures will be taken to implement a cashflow reporting and monitoring protocol to support better informed reports for Board consideration.

Interwoven with the improvements in service provision to date is the relationship the Fund has with its employers. Significant progress has been made in improving the understanding and compliance of employers with their requirements to their members. Implementation of the Fund's new Administration strategy and refinements as required will feature through the next two financial years in particular and is fundamentally important in promoting confidence and assurance in service delivery and data quality especially, providing efficiencies in the management of the Fund going forward. The performance standards which will form part of the Service Level Agreement with employers are attached as Appendix B for information.

Staffing

2013-14 will see further development of the Pension Services team efficiency changes as the reconfiguration of the historical two existing teams is implemented. This will see staff numbers reduce from 82 to 56, delivering a saving of approximately £200,000 to the Northamptonshire Fund in a full year.

The governance of the Fund is the responsibility of the Northamptonshire Pension Fund Board. The day to day administration of the Fund is delegated to LGSS with specific responsibility delegated to the LGSS Head of Pensions (non-investment matters) and LGSS Director of Finance, for all investment matters and Section 151 duties.

LGSS administer both Cambridgeshire and Northamptonshire Pension Funds. The following table shows the **total staffing establishment** (i.e. for administering both funds) at the beginning and end of 2012/13 and the proposed establishments through 2013/14.

These posts along with the appropriate overheads will be charged to the two Funds based on actual time spent on each fund.

Grades	Number of FTE posts at 1 April 2012 (Permanent/Temporary)	Number of FTE posts at 31 March 2013		Expected number of FTE posts at 31 March 2014 (Permanent/Temporary)	Comments
		Budgeted (Permanent/Temporary)	Forecasted (Permanent/Temporary)		
<i>LGSS – Pensions Services</i>					
Management	11.7	11.7	11.7	9.0	Reductions in FTE will be in the latter part of 2013/14
Officers	60.5	60.5	60.0	43.0	
Administration	4.0	4.0	4.0	4.0	
Sub-Total	76.2	76.2	75.7	56.0	
<i>LGSS – Investment Team</i>					
Management	1.5	1.5	1.5	1.5	
Officers	4.0	4.0	4.0	4.0	
Payroll support	0.6	0.6	0.6	0.6	
Sub-Total	6.1	6.1	6.1	6.1	
Grand Total	82.3	82.3	81.8	62.1	

Appendix A

Part 2 – Work Plan for 2013-14 to 2016-17

BUSINESS DEVELOPMENT									Akhtar Pepper [AP]
Objective	Action	SMART Target output	2013-14	2014-15	2015-16	2016-17	Officer		
Enhance the quality of work of LGSS throughout the service	Review all processes to ensure quality of service throughout the organisation.	Obtain ISO accreditation			Q3		AP		
Develop efficient, effective & excellent service provision.	Provide services for all that are efficient, effective, excellent, equitable and empowering – with the customer always at the heart of our service provision.	Obtain Customer Service Excellence Charter			Q2		AP		
Implement a strategy that enhances LGSS Pension Service brand and promotes value added services.	Actively secure bookings at both local & national events.	Both attendance and speaking slots at conferences & seminars. Also, meetings with potential clients with a view to developing draft proposals and costs associated with the delivery of the service	On-going				AP		
Deliver improvements and efficiencies by improving and introducing new I/T systems.	Prepare a system specification and develop business case for Pensions Payroll seeking relevant approvals.	Implement pensioner payroll			Q4		AP		
LGPS 2014									Gary McLellan [GMcL]
Objective	Action	SMART Target output	2013-14	2014-15	2015-16	2016-17	Officer		
To implement the 2014 Regulation changes to deadline, ensuring Pension Services processes reflect the new scheme design.	Consider the proposals made in draft legislation issued for consultation. Make appropriate comments on them and the legislation within the timescale provided. Consider and assess	Respond to Consultations as they arise.	Q1				GMcL		

	their potential impact on processes.					
	Consider and assess the impact of actual legislation as it is made. Identify changes in processes and documentation necessary to comply with the new scheme requirements.	Processes, letters and forms are compliant with regulations.	Q1 Q2 Q3 Q4			GMcL
	Implement system changes to Altair as and when they are released. Monitor the Heywood website for details of any system issues and temporary workarounds that are recommended.	Pensions Admin system accurately calculates pension benefits				MW
	Ensure that all Pensions Service staff receive appropriate information and training on the new scheme and any changed processes.	Staff are fully aware of the features of the new scheme, differences to the previous scheme and can inform members accordingly.	Q1 Q2 Q3 Q4			GMcL
	Ensure that Fund employers are informed of any new or changed requirements on them as a result of the new scheme.	Employers are compliant with new regulations	Q1 Q2 Q3 Q4			MW
	Ensure that all members are informed of the scheme changes.	Members understand impact of scheme changes to their individual circumstances	Q3 Q4			BS

2013 Valuation							Mark Whitby [MW]	
Objective	Action	SMART Target output	2013-14	2014-15	2015-16	2016-17	Officer	
To deliver the 2013 valuation report and results to agreed project timescales, ensuring the valuations are based on accurate membership and cashflow data and take account of an accurate risk profile for each Fund employer and an up to date Funding Strategy	Prepare accurate membership data and submit to Fund Actuary in accordance with agreed project timescale	Membership data delivered on time and to required quality standard.	Q1 Q2				MW	
	Obtain and prepare accurate investment and cashflow data and submit to Fund Actuary in accordance with agreed project timescales	Investment and cashflow data delivered on time and to required quality standard.	Q2				JH	
	Prepare and update employer database and provide any additional membership data required relating to new employers over the inter valuation period	Complete employer data supplied as required by Fund Actuary.	Q1 Q2				MW	
	Review employer strength of all Fund employers in accordance with agreed criteria, meeting with employers as appropriate in order to establish within which "risk bucket" each employer resides	Employer strength agreed reviewed accurately against criteria and delivered in time to inform actuarial calculations.	Q1 Q2				MW	
	Review Funding Strategy Statement and get updated Strategy agreed by Pension Fund Board	Revised Strategy available for inclusion in calculations by Fund Actuary.	Q3				MW	

	Publish 2013 valuation results and issue each employer with an individual letter confirming revised employer contributions due	Results published and employers informed within agreed timescales	Q3 Q4					MW
	Check revised employer rates are being paid	Contribution rates checked for payments received by 19th May 2014		Q1				MW
Investment Related			Emma Bland / Tolu Osekita [EB/TO]					
Objective	Action	SMART Target output	2013-14	2014-15	2015-16	2016-17	Officer	
To deliver an Asset Allocation Strategy that reflects each funds liability profiles, risk parameters and risk profiles.	Conduct Asset/Liabilities studies on both funds and prepare asset allocation strategies reflecting the 2013 Valuations.	Updated Statement of Investment Principles.	Q4	Q1			TO/EB	
	Implementation of asset allocation strategy following the asset/liability studies.	Replacement of managers, confirmation of ongoing investment mandates.		Q2 Q3 Q4			TO/EB	
To effectively manage each funds Investments risk by robustly reviewing Investments advice.	Review the role of an Independent Investment Advisor for the fund.	The role of an Independent Investments Advisor reviewed. [NCC only]		Q1			TO	
	Review the current Investment consultants for each fund.	Reduction in investment consultancy fees for both funds. Improved investments advice.	Q4				TO/EB	
Promote closer working/collaboration between both funds to make both funds more efficient and effective.	Joint procurement of Custodian through the LGPS custodian framework that is currently being developed. This could eventually lead to the selection of a single custodian for both funds.	Procurement and selection of custodian for both funds in autumn/winter 2013.	Q3				TO/EB	

	Procure joint custodian/performance monitoring services for both funds.	Select a joint custodian/performance monitoring service provider for both funds.	Q4					TO/EB
	Investigating the feasibility of making joint Investments across both funds [i.e. joint manager selection following asset liability review for both funds and custodian selection]. Both funds currently share two managers with very similar mandates but pay separate fees. Better economies could be achieved by procuring managers jointly in future.	Potentially making joint investments or leaving mandates 'as is' if best outcome following evaluation.						TO/EB
Knowledge Management								Paul Tysoe [PT]
Objective	Action	SMART Target output	2013-14	2014-15	2015-16	2016-17	Officer	
To facilitate the Fund's knowledge and skills programme across LGSS managed Funds, over a rolling 18 month duration.	Establish training schedule to reflect the Skills and Knowledge programme, liaising with Democratic Services at each Fund, to avoid meeting date conflict.	Incorporate in the Forward Plan for the June 2013 quarter cycle.	Q1				PT	
	To design training material by Skills and Knowledge module.	Design each module in line with the timetable for delivery of training. The programme will be spread over 18 months, 2 days per year, (June, October).	Q1 Q2				PT	
	Train the Trainers - develop a team to deliver the training programme. Seek suitable internal volunteers, use external providers where necessary.	Align development with delivery schedule.	Q1				PT	

	Develop with external suppliers (i.e. Hymans) more efficient access to completing the required Training Needs Assessments (TNAs).	Discussions ongoing with current supplier (Hymans) with a view to electronic access during 2013-14.	Q1 Q2					PT
	Collate, cost and evaluate external seminars and conferences for provision of delivering Knowledge Improvement Credits (KICs). Each Board member and key officer to achieve their individual KICs target.	All delegates to feedback to the Governance Team on the course content and relevance via questionnaire provided. Governance Team to collate events programmes, costings and feedback from delegates, via evaluation form.	Q1 Q2 Q3 Q4					PT
	Prepare alternative training programme for delegates who are unable to attend a training event.	In place by the end of the June quarter 2013.	Q1					PT
	Develop a Pensions Professional qualifications training programme, to ensure the Service has technical capacity and capability.	To review suitable training providers and build an ongoing development of the programme.	Q3					ACP
	Develop an internal officer development programme to ensure spread of knowledge and experience.	To promote a staff rotation programme and in house staff development culture.	Q1					ACP

	Auto Enrolment	Mark Whitby [MW]
--	-----------------------	-------------------------

Objective	Action	SMART Target output	2013-14	2014-15	2015-16	2016-17	Officer
To provide Fund employers with information relating to their automatic enrolment duties and ensure LGSS Pensions processes and documentation are compliant with the new Scheme Administrator responsibilities as well any regulatory changes resultant from workplace pensions reform	Signpost Fund employers to revised information relating to employer duties throughout the implementation period for workplace pensions reform	Signpost to the information provided within one month of LGSS Pension Services being informed of the change	Q1 Q2 Q3 Q4	Q1 Q2 Q3 Q4	Q1 Q2 Q3 Q4	Q1 Q2 Q3 Q4	MW

	Inform scheme members of any changes that impact on the Local Government Pension Scheme	Update provided on website within one month of change and communicated on next available bulk communication	Q2					BS
	Review revised Scheme Administrator duties in connection with automatic enrolment and ensure LGSS are in compliance	Review complete	Q2					GMc
	Update business processes as appropriate to ensure compliance, informing employers where appropriate	Processes compliant and employers informed of relevant changes	Q2					BS
	Undertake project to ensure compliance with revised record keeping requirements	Record keeping is in accordance with revised responsibilities	Q3					MW
Employer Relationships								Mark Whitby [MW]
Objective	Action	SMART Target output	2013-14	2014-15	2015-16	2016-17	Officer	
Launch Administration Strategy and agree SLA's with Fund employers; embed monitoring and reporting of administering and employing authority performance standards, managing employer relationships and ensuring employers provide data in an appropriate format and to the required quality standard.	Publish Administration Strategy and inform employers of plan to agree Service Level Agreements	Within one month of Pension Fund Board at which Strategy/SLA agreed	Q1					MW
	Roll out SLA's to Fund employers	SLA's agreed with all major employers within 6 months of agreement of Strategy/SLA by Pension Fund Board	Q1 Q2 Q3 Q4					MW

	Monitor employer performance through feedback mechanisms and take appropriate actions to improve performance where necessary	Action taken within prescribed timescales in Admin Strategy and to any other defined internal performance measures	Q3 Q4	Q1 Q2 Q3 Q4	Q1 Q2 Q3 Q4	Q1 Q2 Q3 Q4	MW	
	Collate annual performance information for administering authority and employing authority performance and share with appropriate parties	Within 3 months of relevant financial year end (April to March)		Q1	Q1	Q1	MW	
	Provide access to performance review meetings to discuss employer and admin authority performance	Biennially as per Admin Strategy			Q1 Q2 Q3 Q4		MW	
Cash Flow Strategy Review							Mark Whitby [MW]	
Objective	Action	SMART Target output	2013-14	2014-15	2015-16	2016-17	Officer	
Put in place mechanisms to monitor and manage Fund cashflows, reporting monthly to the Head of Pensions on the cashflow for each Pension Fund and taking appropriate further action depending on results.	Monitor active membership numbers for each Pension Fund	Membership numbers produced within xx days of month end	Q1 Q2 Q3 Q4	As req	As req	As req	MW	
	Produce monthly cashflow reports for the Head of Pensions for any Fund showing significant decreasing active membership numbers or until otherwise agreed	Report produced within 10 working days of month end	As req	As req	As req	As req	JH	
	Report to Pension Fund Board results of cashflow and membership reporting results including details of any required actions	Report to be provided to Pension Fund Boards as required	Q2 Q4	Q2 Q4	Q2 Q4	Q2 Q4	MW	

	Ensure investment team are made aware of increasing maturity of Pension Fund and results of cashflow modelling, enabling appropriate action to be taken regarding investment strategy	Within 10 working days of trigger being reached	As req	As req	As req	As req	MW	
Governance Development							Paul Tysoe [PT]	
Objective	Action	SMART Target output	2013-14	2014-15	2015-16	2016-17	Officer	
To continue the development of Governance for LGSS managed Funds to cover areas awaiting proper review.	To deliver a Risk Management Strategy for the respective Funds, to refresh risk registers, and the Assurance framework of the Fund.	To deliver a generic multi fund Risk Register by the autumn of 2013. Specific Fund Risk identifications as required.	Q3				PT	
	To work with Internal and External Audit to fully implement converged audit methodology. Incorporating requirements of both Funds external auditors.	In line with the 2013-14 closedown.					PT	
	To produce a matrix of key procurement dates, covering all supply to the Funds and consequently a comprehensive procurement plan.	By end of second quarter 2013-14.	Q2				PT	
	To utilise the LGSS solution for sharing and managing documentation between multiple sites.	October 2013	Q3				PT	
	To review and revise the Board arrangements implemented in 2012-13.	Second quarter 2014-15 Effective governance of the fund in place		Q2			PT	
Delivering an improved statement of accounts and annual report for both funds.	Carrying out a 'soft' closedown of both funds accounts. Closer working with each funds external auditors – KPMG and PWC.	Reduction in ISA 260 Issues and a reduction in length of time spent by external auditors on the accounts. Robust annual reports and statement of accounts on an annual basis.					MW/TO/EB	

Appendix B

Whole Fund Administration Performance Standards

The following are key indicators where the target can only be achieved by the Administering Authority and Employing Authorities both delivering high levels of administration.

Function / Task	Indicator	March 2013 Target	Target Achievement
Notify leavers of deferred benefit entitlements	Deferred award letter sent within 40 working days of last day of employment.	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%	

Employer Performance Standards

The following are the performance targets that the Employer will be expected to meet.

Function/Task	Indicator	Target
Confirm nominated representatives	Representative confirmed within 30 working days of employer joining fund or change to nominated representative	100%
Arrange for the correct deduction of employee and employer contributions and pay contributions to Pension Fund in a timely manner, providing an associated monthly statement/schedule in a format acceptable to the Administering Authority	Number of months in the year where contributions were in the Pension Fund by the 19 th calendar day of month after deduction and statement/schedule was received by the same date as payment	100%
Upon receipt of a notification from	Within 1 month of	100%

Function/Task	Indicator	Target
an Additional Voluntary Contribution (AVC) provider of an employee's election to pay, vary the amount or cease AVCs (or Shared Cost AVCs where applicable), to apply the notification accordingly and where applicable deduct from a member's pay the contributions as instructed by the AVC provider.	receipt of notification from the AVC provider	
Pay over to the specified AVC provider contributions deducted from a member's pay.	Within 7 days of deduction from pay	100%
Upon receipt of a notification from the LGSS Pensions Service of an employee's election to pay Additional Regular Contributions, to apply the notification accordingly and where applicable deduct from a member's pay and pay over to the LGSS Pensions Service, the contributions as instructed by LGSS Pensions Service.	Within 1 month of notification from LGSS Pensions Service	100%
Provide LGSS Pension Service with accurate year end information in prescribed format	Accurate year end information to be provided for all Scheme members by 30 April following contribution year end	100%
Respond to enquiries from LGSS Pensions Service in respect of retirements, estimates or any other query identified as urgent.	Response received within 5 working days from receipt of enquiry.	100%
Respond to enquires from the LGSS Pensions Service in respect of those queries deemed as non urgent	Response received within 10 working days from receipt of enquiry.	95%
Provide new employees with scheme information	Within the automatic enrolment joining window.	100%
Determine appropriate rate of employee contributions for new	Decisions made by time of first salary payment.	100%

Function/Task	Indicator	Target
scheme members in the LGPS		
Provide LGSS Pensions Service with all necessary information regarding new starters and hours/weeks per year variations in a format acceptable to Administering Authority	Accurate information provided within 10 working days of the relevant calendar month end or within 30 days of commencement/change if earlier where employer automatic enrolment duties apply	95%
Determine reason for leaving and Final pay, issue entitlement award to member and leavers certificate to LGSS Pensions Services for leavers NOT entitled to immediate payment of pension.	Certificate received within 15 working days of date of leaving	95%
Determine reason for leaving and Final pay, issue entitlement award and retirement pack to member and leavers certificate to LGSS Pensions Service for retirees entitled to immediate payment of pension.	Certificate received at least 10 working days <u>before</u> date of leaving.	95%
Must have published Employer Discretions, accessible by all employees and copy provided to LGSS Pensions Service.	Discretions published and provided to LGSS Pensions Service within 30 days of approval	100%
Discretions must be reviewed and amended as necessary	Any amendments to discretion must be confirmed in writing within 30 days from change	100%

LGSS Pensions Service Performance Standards

The following are the headline performance targets that LGSS Pensions Service will be expected to meet.

Function / Task	Indicator	March 2013 Target	Target Achievement
LIAISON AND COMMUNICATION			

Function / Task	Indicator	March 2013 Target	Target Achievement
Confirm nominated employer liaison officer	10 working days of employer joining fund or change to nominated officer	100%	
Publish and keep under review the administration strategy.	Within three months of decision to develop an administration strategy or one month of any changes being agreed with scheme employers	100%	
Keep up to date the employer website, including procedural guides, scheme guide and all other documents and forms	20 working days from date of change/amendment	100%	
Formulate and publish policies in relation to all areas where the Administering Authority may exercise a discretion within the scheme	Within 30 working days of policy being agreed by the Pension Fund Board	100%	
Organise bespoke training sessions for Scheme employers, subject to fair use of training resource	Training date agreed with employer within one month of request	100%	
Notify the employer and scheme members of changes to the scheme rules	Within one month of the LGSS Pensions Services being informed of the change	95%	
Notify the employer of any issues relating to it's poor performance (including arranging meeting if required)	Within 20 working days of performance issue becoming apparent	90%	
Notify the employer of decisions to recover additional costs associated with their poor performance (including any interest that may be due)	Within 10 working days of the decision of the Pension Fund Board	100%	
Issue annual benefit statements to active members as at 31 March each year	By the following 30 September(pending timely receipt of satisfactory year end data from the scheme employer)	100%	

Function / Task	Indicator	March 2013 Target	Target Achievement
Issue annual benefit statements to deferred benefit members as at 31 March each year for those which we have an up to date address	By the following 30 June	100%	
FUND ADMINISTRATION			
Issue formal valuation results (including individual employer details)	20 working days from receipt of results from Fund Actuary (but in any event no later than 31 March following the valuation date)	100%	
Carry out cessation valuation exercise on cessation of admission agreements or employer ceasing participation in the Cambridgeshire Pension Fund or Northamptonshire Pension Fund	Initiated within 40 days with Fund Actuary plus results issued to employer within 2 months of clean data	100%	
Publish, and keep under review, the Administering Authority's governance policy statement	Within 30 working days of policy being agreed by the relevant Pension Fund Board	100%	
Publish and keep under review the Pension Fund's funding strategy statement	To be reviewed at each triennial valuation, following consultation with scheme employers and the Fund's Actuary. Revised statement to be issued with the final valuation report	100%	
Publish the Pension Fund annual report and any report from the auditor	By 31 August following the year end	100%	

Function / Task	Indicator	March 2013 Target	Target Achievement
Provide an FRS17/IAS19 report to employers for their chosen accounting date	Within one month of the 31 March, 31 July or 31 August accounting date, providing employer has returned required data to LGSS Pensions Service by the 1 st of the month in which the accounting date falls	100%	
SCHEME ADMINISTRATION			
Provide transfer-in quote to scheme member	Letter issued within 10 working days of receipt of all appropriate information	95%	
Confirm transfer-in payment and service credited to scheme member	Letter issued within 10 working days of receipt of transfer payment by Pension Fund (or receipt of all information needed to complete calculations if later)	90%	
Notify the employer of scheme member's election to pay or cease paying additional regular contributions and other contracts, including all required information to enable deductions to commence or finish.	Email sent within 5 working days of receipt of election from scheme member	95%	
Calculate cost of additional regular contributions, and notify scheme member	Letter sent within 10 working days of receipt of request from scheme member	90%	
Provide requested estimates of benefits to employers including any additional fund costs in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency	Estimate in agreed format provided within 10 working days from receipt of all information	90%	

Function / Task	Indicator	March 2013 Target	Target Achievement
Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information	90%	
Provide a maximum of one cash equivalent transfer value (CETV) to employees per year on request	Provided within 10 working days from receipt of all information	90%	
Provide a divorce quotation to employees on request	Provided within 10 working days from receipt of all information	90%	
Notify leavers of deferred benefit entitlements or concurrent amalgamation.	Notification issued within 15 working days of receiving all necessary information.	90%	
Notify employees retiring from active membership of benefits award.	Issue award within 5 working days after payable date or date of receiving all necessary information if later.	95%	
Payment of ongoing pension (not including the first pension payment).	Eligible payments made on the publicised payment date.	100%	
Acknowledge death of active/deferred/pensioner member.	Letter issued within 5 working days following notification of death	100%	
Award dependent benefits.	Issue award within 5 working days of receiving all necessary information.	95%	
Provide responses to other enquiries from scheme members, scheme employers, personal representatives, dependents and other authorised persons	Full response within 5 working days from receipt of all information needed to respond to enquiry	90%	
Where a full response will not be available within the published service standards send an acknowledgement and provide the expected timescale.	Acknowledgement within 5 working days from receipt of initial enquiry	100%	

Function / Task	Indicator	March 2013 Target	Target Achievement
Appoint stage 2 “appointed person” for the purposes of the pension dispute process and notify all scheme employers of the appointment	Within 30 working days following the resignation of the current “appointed person”	100%	
Process all stage 2 pension dispute applications	Within two months of receipt of the application, or such longer time as is required to process the application where further information or clarification is required.	100%	
Publish and keep under review the Pension Fund policy on the abatement of pension on re-employment	Notify scheme members and scheme employers within one month of any changes or revisions to the policy	100%	