

Cornwall Pension Fund Business Plan

2021/22 to 2023/24



Administering Authority for
the Cornwall Pension Fund

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“ The Business Plan details our priorities and areas of key focus in relation to the Cornwall Pension Fund for 2021/22 to 2023/24. ”

Introduction

This is the Business Plan for the Cornwall Pension Fund, which is managed and administered by Cornwall Council. The Business Plan details our priorities and areas of key focus in relation to the Cornwall Pension Fund for 2021/22 to 2023/24. This Business Plan was approved at the Cornwall Pensions Committee meeting on the 11 March 2021. The Business Plan is formally reviewed and agreed every year. However; throughout the year it is monitored by officers, and the Pensions Committee may be asked to agree to changes to it.

The purpose of the Business Plan is to:

- explain the background and objectives for the management of the Cornwall Pension Fund
- document the priorities and improvements to be implemented by the Pension Fund over the next three years to help achieve those objectives
- enable progress and performance to be monitored in relation to those priorities
- provide stakeholders with a clear vision for the next three years

In addition, this Business Plan includes a budget for expected payments to and from the Cornwall Pension Fund over the period, including the resources required to manage the Fund.

Further information

If you require further information about anything in or related to this Business Plan, please contact:

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Background to the Cornwall Pension Fund

The Cornwall Pension Fund (The Fund) is a £2.2bn¹ Local Government Pension Scheme, which provides death and retirement benefits for local government employees (other than teachers, police and firefighters) in Cornwall and employees of other qualifying bodies which provide similar services.

Total Fund membership, as at the previous reporting period, was approximately **54,500** with around **18,400** active contributors from **156** contributing employer records and around **36,100** retired, survivor, deferred and other members.

¹As at 31 December 2020

Governance and management of the Fund

The Council, on 20 May 2014, continued to support the agreement that the Pensions Committee will:

- exercise the functions of the Council as administering authority for the Local Government Pension Scheme (LGPS) in Cornwall; and
- establish a scheme of delegation to officers.

The Pensions Committee’s principal aim is to carry out the functions of Cornwall Council as the Scheme Manager and Administering Authority for the Cornwall Pension Fund in accordance with the LGPS regulations and any other relevant legislation.

The Chief Operating Officer is the Section 151 Officer and therefore has a statutory responsibility for the proper financial affairs of the Council, including Pension Fund matters. The Committee delegates a number of functions to the Section 151 Officer. These can be found in the Fund’s Governance Policy Statement which is on the Fund’s website and in the Annual Report, which can also be found on the website.

In its role as the administering authority, Cornwall Council owes fiduciary duties to the employers and members of the Cornwall Pension Fund and must not compromise this with its own particular interests. Consequently, this fiduciary duty is a delegated responsibility of the Pensions Committee and its members must not compromise this with their own individual interests.

In addition to the Pensions Committee, a Local Pension Board (“LPB”) is in place to assist in:

- securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS
- to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator
- secure the effective and efficient governance and administration of the LGPS for the Cornwall Pension Fund

This structure is illustrated below:



¹ Reducing from 10 to 8 following local elections in May 2021. For more information, please see Key Challenges and Influences on page 11

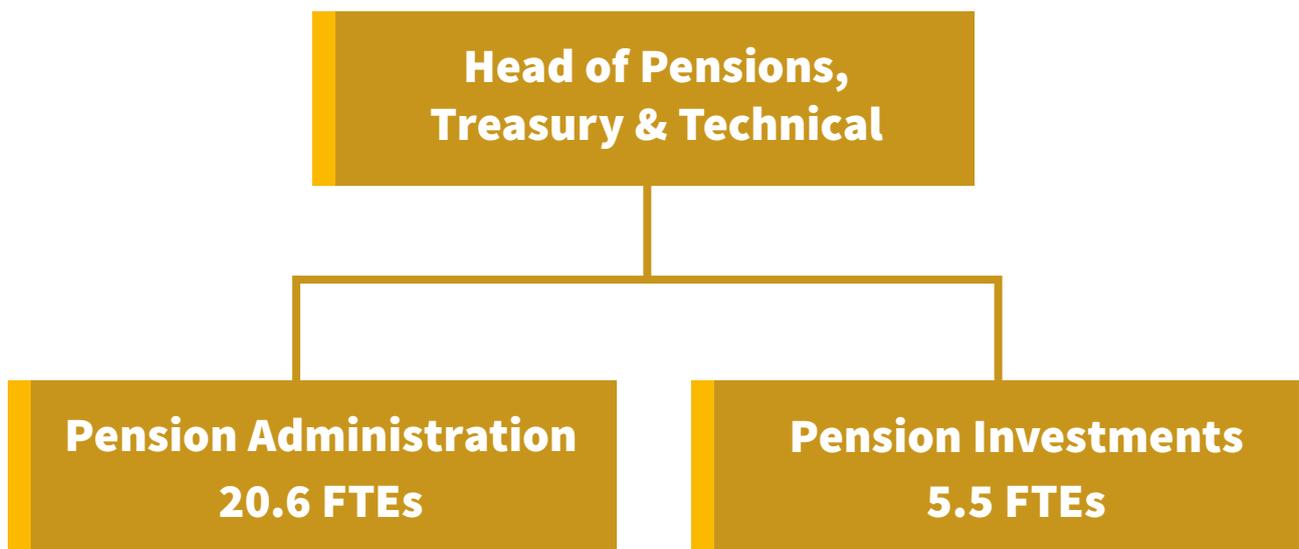
The Pension Fund Team

Pensions is managed by the Head of Pensions, Treasury & Technical, who is supported by two sections:

- **The Pension Administration Section** which is responsible for the day to day administration of pension benefits and is headed by the Pension Benefits Manager. The team delivers a pensions service to approximately 54,500 scheme members and 156 contributing employer records. This includes the calculation of various benefits, transfers in and out, refunds and maintenance of individual records. The team also implements and maintains the pension software systems, reconciles employer records, and a pensioner payroll service for approximately 15,300 pensioners, survivors and dependents.

- **The Pension Investment Section** which is responsible for accounting, investment and governance matters is headed by the Pension Investment Manager. The section is responsible for day to day accounting, production of the Annual Accounts and production of the Annual Report. Additionally, the section is responsible for all investment matters of the Fund, including implementing the Fund’s responsible investment approach, monitoring and managing of the fund managers and the approximately £2.2bn of assets (as at 31 December 2020). The Pension Investment Section is also responsible for overseeing the pooling of the Fund’s assets, with the nine other LGPS administering authorities, into the Brunel Pension Partnership.

The structure as at March 2021 is illustrated below:



Officers, the Pensions Committee and the Local Pension Board are supported by a range of specialist consultants, suppliers and fund managers. The Fund’s retained investment consultant is Mercer, Independent Advisor is John Finch, actuary is Hymans Robertson, LGPS Pool is Brunel and custodian is State Street.



Aims and objectives for the management of the Fund

Our Primary Objective is:

- To provide for members' pension and lump sum benefits on their retirement or for their dependents' benefits on death, before or after retirement, as required by the Local Government Pension Scheme Regulations 2013 (as amended).

Our key strategies and policies which guide the management of the Fund are listed below and can be found on our website at:

www.cornwallpensionfund.org.uk

- Investment Strategy Statement
- Responsible Investment Policy
- Funding Strategy Statement
- Communication Policy Statement
- Governance Compliance Statement
- Governance Policy Statement
- Risk Management Policy
- Cash Management Strategy
- Pension Administration Strategy
- Breaches Policy

The key tasks and areas of focus in our Business Plan are grouped into the areas of governance, valuation & funding, investment management, responsible investment, training & skills and administration & communication, to align with the key aims and objectives of these strategies and policies. These aims and objectives are summarised below.

Governance

- Act in the best interests of the Fund's members and employers
- Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
- Strive to ensure compliance with the appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance
- Have robust governance arrangements in place to facilitate informed decision making, supported by appropriate advice, policies and strategies

- Understanding and monitoring risk
- Clearly articulate our objectives and how we intend to achieve those objectives through business planning, and continually measuring and monitoring success

Valuation & Funding

- Achieve and maintain assets equal to 100% of liabilities within the 20-year average timeframe, whilst remaining within reasonable risk parameters
- Determine employer contribution requirements, whilst recognising the constraints on affordability and strength of employer covenant, with the aim being to maintain as predictable an employer contribution requirement as possible
- Minimise unrecoverable debt on employer termination
- Ensure net cash outgoings can be met as/ when required

Investment Management

- Ensure that its future strategy, investment management actions, governance and reporting procedures take full account of longer-term risks and sustainability
- Strike the appropriate balance between long-term consistent investment performance and the funding objectives
- Recognising the constraints on affordability for employers, aim for sufficient excess investment returns relative to the growth of liabilities

Responsible Investment

- To ensure the Fund's investments are made in a way which is aligned with the Fund's Responsible Investment Policy
- To be a good steward with our assets, as the Fund believes that sound corporate governance contributes to long-term value for our members.
- To ensure that ESG considerations are taken into account as part of all decision making, including funding and investment strategy setting
- To be at the forefront of responsible investment best practice

Training & Skills

- Ensure the Fund is managed, and its services delivered, by people who have the appropriate knowledge and expertise
- Ensure the Fund is effectively governed and administered
- Ensure decisions are robust, are well founded and comply with regulatory requirements and guidance from the Pensions Regulator, the Scheme Advisory Board and the Ministry of Housing, Communities and Local Government (MHCLG)
- Ensure officers responsible for accounting consider and implement CIPFA guidance

Administration & Communication

- Provide a high quality, professional, proactive, timely and customer focused administration service to the Fund's stakeholders
- Administer the Fund in a cost effective and efficient manner utilising technology appropriately to obtain value for money
- Ensure the Fund's employers are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Fund
- Ensure the correct benefits are paid to, and the correct income collected from the correct people, at the correct time
- Maintain accurate records and ensure data is protected and has authorised use only
- Promote the Scheme as a valuable benefit and provide sufficient information so members can make an informed decision about their benefits
- Communicate in a clear and concise manner
- Ensure we use the most appropriate means of communication, taking into account the different needs of different stakeholders
- Regularly evaluate the effectiveness of communications and shape future communications appropriately

Business as usual

The key tasks section of the Business Plan highlights what our key tasks are for the next three years. This focusses on areas of change and project like tasks, which are in addition to our day to day “business as usual” duties.

On a day to day basis our focus is on the following key elements:

- **Paying pension benefits to beneficiaries**, as prescribed by the LGPS regulations
- **Communicating with our scheme members** about their membership of the Fund
- **Ensuring we receive all the pension contributions** paid by active members of the Fund, as prescribed by the LGPS regulations
- **Ensuring all the employers in the Fund pay their pension contributions**
- **Safeguarding the Fund’s assets**
- **Investing any Fund assets that are not currently needed** to pay benefits
- **Working with the actuary** so, over the valuation cycle, a determination can be made as to how much employers need to pay into the Fund to ensure we have enough money to pay pension benefits in the future

Managing this on a day to day basis involves a wide range of processes and procedures, some of which are outlined below, and all of which have been designed around achieving our Fund’s objectives as outlined in our strategies and policies. The pension fund is large, complex and highly regulated. As such, these processes and procedures require expert knowledge and experience from both officers and external advisors in several diverse areas, as illustrated below.

Governance

- Setting the agenda, reporting and presenting to the Pensions Committee and Local Pension Board
- Implementing and monitoring the achievement of other areas of governance such as the Training Policy, Risk Management Policy, Breaches Policy and The Pension Regulator’s Code of Practice
- Procurement of and payment for advisers and other services
- Assisting internal and external audit in their role
- Replying to Freedom of Information requests in adherence with statutory time limits

Accountancy

- Preparing and publishing the Fund’s Annual Report
- Completing the Annual Accounts and assisting external auditors
- Preparation and quarterly monitoring of the Annual Budget
- Preparation of statutory and non-statutory returns as required
- Cash flow and treasury management
- Monitoring of income and expenditure including employer and scheme member contributions
- Invoicing of employers for pension strain and actuarial recharges

Funding

- Agreeing the funding strategy with the actuary and consulting with employers and monitoring continued appropriateness annually
- Assisting the actuary with the Actuarial Valuation by providing membership data and presenting results and explanations to employers of future employer contributions and deficit payments
- Arranging actuarial data required by the Government Actuary Department (“GAD”)
- Monitoring the employer’s covenant including their ability to pay contributions and managing any employers who wish to join or leave the Fund
- Submitting monthly cash flow data to the actuary for employer asset tracking (HEAT)

Investments

- Carrying out a fundamental review of the investment strategy every three years, with an annual desktop review in intervening years
- Appointing, monitoring and dismissing of fund managers, including within a pooling environment
- Monitoring and reporting on investment performance
- Monitoring of the Fund’s risk management framework

- Monthly monitoring and implementation of the tactical asset allocation decisions
- Working with the other nine administering authorities to pool investments through our role within the Brunel Pension Partnership (“BPP”) (see below)

Responsible Investment

- Monitoring and engaging with our fund managers on their responsible investment approach
- Responsible investment reporting on the Fund’s investments with Brunel, as relevant to each investment. This includes; carbon footprints, fossil fuel exposures, green & brown share, and the Fund’s voting and engagement activities
- Collaborative working through the Responsible Investment Sub-Group with Brunel Ltd and the 9 other LGPS funds who make up BPP
- Attending responsible investment conferences and actively participating in this area
- Collaboration with responsible investment initiatives to which the Fund is a member/ supporter, such as the IIGCC, TPI, TCFD and LAPFF

Brunel Pension Partnership Oversight

- Participation in the Oversight Board, Client Group, and shareholder meetings of the Brunel Pool
- Assessment and analysis of the performance of Brunel portfolios in which the Fund is invested
- Monitoring the service level agreements and ensuring that key performance indicators are being met
- Ensure Brunel provides value for money

Administration

- Providing ongoing information to scheme members and their beneficiaries as they join, leave or change their status in the Fund, within statutory timescales
- Calculating and notifying entitlement to retirement, leaving and death benefits
- Processing transfers into and out of the Fund
- Providing quotations of retirement benefits including any additional costs to employers
- Providing information on how scheme members can increase their pension benefits

- Providing information to solicitors in respect of divorce proceedings
- Maintaining accurate scheme member records
- Providing direct telephone numbers for answering ad-hoc enquiries from members
- Maintaining the Fund’s Internal Dispute Resolution Procedure
- Maintaining and updating the pensions software system
- Providing guidance on changes in processes following legislation updates
- Providing information on progress against key performance indicators
- Extracting and forwarding data to the Fund actuary to track membership changes for employer mergers and TUPE transfers
- Reporting and making payments to HMRC
- Processing bulk updates to data relating to employer year end returns
- Quarterly review of the Risk Register
- Processing the monthly pensioner payroll

Communication

- Providing information to employers and members via newsletters
- Maintaining the Fund’s website
- Providing new employers with information about their Fund responsibilities
- Providing ongoing training and technical updates to employers
- Running an Annual General Meeting for employers
- Providing presentations to employers

“ The pension fund is large, complex and highly regulated. ”

Key challenges and influences

The continuing uncertainty and pervasiveness of the global COVID-19 pandemic and the potential impacts it has on the Fund's investments will continue to be monitored closely. In March 2021, the Fund completed an annual review of its investment strategy with Mercer (The Fund's investment consultant). This was felt particularly prudent given the aforementioned issue and also other changes which have happened globally, such as the Brexit Trade Deal and the change in the US presidency, which have all taken place since the last review of the Investment Strategy in January 2020.

The Fund also commissioned Hymans Robertson (the Fund's actuary) to review in more detail how the Fund's liabilities (future payments out, either to, or on behalf of its members) had changed since the formal valuation was carried out using the 31 March 2019 dataset. This was to provide a more detailed indication of how the funding level had changed since the last review, and also helped feed into the annual investment strategy review, to ensure the return target for the Fund's investments was still appropriate to meet its objective of being fully funded.

The Fund will also be implementing an ongoing employer covenant review process, which will enable the Fund to monitor the financial health of the employers during the valuation cycle. This will provide an upfront indication of where there might be difficulties in collecting contributions/deficits due, thus helping to identify and minimise risks to the Fund.

The substantial programme of transitioning the Fund's investment assets into Brunel managed portfolios is now in its final year. By the end of 2021/22, it is anticipated that all Cornwall Pension Fund's investment assets, excluding legacy private market commitments (Infrastructure, Private Equity and Private Debt) will be in portfolios managed by Brunel. The freeing up of resources within the LGPS Funds in the Partnership and Brunel due to the transitions being completed, will allow the Partnership more time to continue building upon its industry leading Responsible Investment credentials. Further information on Brunel's activities can be found on their website www.brunelpensionpartnership.org. The asset transition programme can be found in Appendix 1, which starts on page 34.

The Cornwall Pension Fund published its Responsible Investment Policy in March 2020, and over the course of 2020, managed to fulfil a number of the Responsible Investment commitments which were included in the 2020-23 Business Plan. 2020 finished on a high note, with the Fund investing £270 million in the Brunel Global Active Sustainable Equities portfolio, winning the LGPS Fund of the Year (under £2.5 billion) award at the LAPF Investments Awards, and being shortlisted for the Best Approach to Sustainable Investing award at the same Awards. The Fund is committed to building upon last year's successes and below are some of the tasks which the Fund hopes to complete over the course of 2021:

- Reviewing and building upon the Fund's current Responsible Investment Policy, including making a Net-Zero Asset Owner Commitment
- Following the development of the Net Zero Investor Framework and evaluating its application to the Fund
- Consulting with the scheme members on their views in relation to responsible investment and feeding these into the aforementioned review of the Responsible Investment Policy
- Submitting a Task Force on Climate-Related Financial Disclosures report
- Becoming a signatory to the UK Stewardship Code 2020 and submitting an Annual Stewardship Report to the Financial Reporting Council for assessment
- To continue to build relationships and increase external engagement on responsible investment, both as a Fund and through the Brunel Partnership
- The remedy for the McCloud case and the substantial administration workload this will require
- Implementing any required changes as a result of the national LGPS cost control mechanism
- Changes to LGPS Regulations to account for the Exit Cap Regulations
- Implementation of new working arrangements to account for Covid-19
- Amending Funding Strategy Statement to account for changes in LGPS Regulations allowing for greater flexibility in employer contributions and exits payments.
- Managing the workload arising from the Cornwall Council voluntary workforce redundancy programme

In 2019, Hymans Robertson were appointed by the Scheme Advisory Board (SAB) to facilitate a review of governance structures for the LGPS. The SAB commissioned this report to examine the effectiveness of current LGPS governance models and to consider alternatives or enhancements to existing models which can strengthen LGPS governance. The Fund will be putting a work programme in place based on the requirements which will be set out from this review, to ensure that the Fund is compliant with the requirements and that the Fund maintains its best practice governance standards.

The Cornwall Council local elections are scheduled to take place in May 2021, the number of Councillors to be elected has reduced from 123 at the previous election to 87. The Pensions Committee membership will see a reduction of 2 elected member positions, reducing its total membership to 12 (8 elected members, 2 scheme member representatives and 2 employer representatives).

The elections could potentially result in a significant turnover of the membership of the Pensions Committee. Officers and the Fund's advisors have prepared a detailed training programme, to ensure that any new members will be quickly brought up to speed. It should also be noted that the scheme member and employer representative positions on the Pensions Committee are not up for election, so this combined with officers, advisors, and the Pension Board will ensure there is continuity.

For further detail of the Fund's work plan over the period, please see page 20.

Budget

All the costs associated with the management of the Fund are a charge to the Fund and not the Council. The following details the expected income and expenditure to the Fund (cash flow).

Cash Flow Forecast to 31 March 2024

Transactions with Scheme Members

	2020/21 Estimate	2020/21 Revised estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
	£' 000	£' 000	£' 000	£' 000	£' 000
Income					
Employees' contributions	17,950	18,000	18,100	18,350	18,500
Employers' contributions	71,000	72,000	71,200	72,000	72,500
Transfers in	4,000	6,000	4,000	4,000	4,000
	92,950	96,000	93,300	94,350	95,000

Expenditure

Transfers out	4,000	4,500	4,000	4,000	4,000
Benefits paid - Pensioners	59,500	61,000	62,250	63,500	65,000
Benefits paid - Widows and Dependants	5,000	5,200	5,300	5,400	5,500
Benefits paid - Lump sums	12,250	13,750	14,000	13,000	13,200
Benefits paid - Death benefits	1,600	1,500	1,600	1,700	1,800
Total Expenditure	82,350	85,950	87,150	87,600	89,500
Net dealings with Scheme Members	10,600	10,050	6,150	6,750	5,500

Other fees and expenditure

Income

Income from dividends, interest and other	11,200	12,500	13,000	13,500	14,000
	11,200	12,500	13,000	13,500	14,000

¹ Transfers to and from the Fund are irregular, the values are unpredictable and mainly depend upon staffing movements. Therefore, the value of these line items are assumed to be equal for financial projection purposes

² The 20\21 and 21\22 figures include the benefits payable from the voluntary redundancy programme

	2020/21 Estimate	2020/21 Revised estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Expenditure	£' 000	£' 000	£' 000	£' 000	£' 000
Fund management fees (paid from Cash Account)	2,000	2,500	2,100	1,100	1,150
Brunel Service Charge (Inc. Custodian Charges)	980	980	918	944	986
Fund advisers fees and costs	270	280	300	310	290
Fund actuary's cost	150	200	220	260	240
Legal fees, subscriptions and other costs	100	100	100	100	100
	3,500	4,060	3,638	2,714	2,766

Services purchased internally

Strategy and investments	385	300	410	413	409
Pensions administration section	1,002	956	1,070	1,077	1,093
	1,387	1,256	1,480	1,490	1,502

Net fees and expenditure	6,313	7,184	7,882	9,296	9,732
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Net cashflow	16,913	17,234	14,032	16,046	15,232
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³ This does not represent all dividend income for the Fund; this figure is just the actual cash flows received into the Fund. Other income is generated by the Fund's investments, but the holdings are in accumulation share classes, which are held for capital growth. The income is held back and reflected in the unity price.

⁴ This figure does not represent all fund manager fees paid, just the fees paid from the Fund's cash account. The total fees paid during a reporting period is shown in the Fund's Annual Report. The reduction represents more of the investment products being setup so that fees are paid through a sale of units rather than managers sending invoices requiring cash settlement.

⁵ See the table on the following page for a further breakdown of these figures. The increase in the Pensions Administration costs, are to assist with the additional workload the team have been facing and for the resource implications of McCloud

The following details the expected operating costs for the Pension Fund over the period:

Operating Budget to 31 March 2024

Expenditure

	2020/21 Estimate	2020/21 Revised estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
	£m	£m	£m	£m	£m
Staff costs					
Direct salaries	0.777	0.698	0.840	0.857	0.874
On costs	0.212	0.200	0.246	0.251	0.256
Indirect Employee expenses	0.008	0.008	0.008	0.008	0.008
	0.997	0.906	1.094	1.116	1.138
Direct costs					
Transport costs	0.009	0.000	0.005	0.006	0.006
Printing, stationery & general office expenses	0.024	0.024	0.024	0.024	0.024
Services	0.114	0.121	0.145	0.134	0.124
Computing	0.005	0.005	0.007	0.005	0.005
Expenses	0.011	0.006	0.011	0.011	0.011
Grants and subscriptions	0.013	0.013	0.013	0.013	0.013
Other supplies and services	0.007	0.007	0.007	0.007	0.007
Internal recharges and other expenditure	0.207	0.174	0.174	0.174	0.174
	0.390	0.350	0.386	0.374	0.364
Total costs	1.387	1.256	1.480	1.490	1.502

¹ The increase in the staff costs, are to assist the administration team with the additional workload the team have been facing and for the resource implications of McCloud.



Delivering the Business Plan

Monitoring and reporting

In order to identify whether we are meeting our agreed Business Plan we will:

- **continue to monitor progress of the key priorities** and the agreed budgets on an ongoing basis
- **provide updates on progress against these key priorities on a regular basis** to the Pensions Committee, which will be shared with the Local Pension Board
- **as part of these updates:**
 - highlight any areas where we are exceeding or failing to achieve our targets and the reasons why and, as a result, identify any changes to the planned priorities

Key risks

The Cornwall Pension Fund has embedded risk management into the governance of the Fund. The Committee has approved a Risk Management Policy and a detailed Risk Register is maintained. The detailed Risk Register matches high level risks, under each of the three areas of activity,

to the Fund's high-level objectives. Each of the detailed risks has been given an impact score and a likelihood score before any controls are applied. These have then been combined to give an overall pre-control risk score, which has been assigned a **Red – Amber – Green (RAG)** rating. Changes to the level of risk are reported at each Committee, and Pension Board meeting.

The purpose of this statement is to summarise the main risks managed by the Fund and to illustrate the level of risk expected, compared with the current position. Where the risk is both higher than expected, and is controllable, the Fund's Risk Register will include an action on how to mitigate that risk.

On the whole, the next few years will be challenging for those involved in the governance, management and operation of the Fund. The risks discussed below are documented in the Risk Register which will be updated every quarter for presentation to the Committee, and the Pension Board. The Fund's Business Plan has been completed to ensure that all our known risks are being managed and resourced.



Governance

● Main risks

The Fund could make decisions or take actions which do not result in us achieving our aims and objectives; or are not transparent; or are not legal; or do not follow best practice.

● What could increase risk

The risk of these outcomes would be increased by an inappropriate governance structure; poor training; poor attendance or engagement; insufficient resources; conflicts of interest; absence of governance policies; absence of performance measurements, scrutiny and challenge; absence of risk management; poor advice (all of which could be at Pensions Committee, Local Pension Board or officer level) or the impact of externally led changes outside of our control.

● Current risk

Aon were commissioned to carry out a governance review in relation to the Cornwall Pension Fund, which included a review of the governance structure the Fund has in place to manage investments through the Brunel Pensions Partnership. The purpose of the review was to ensure that Cornwall Council, as the Administering Authority for the Cornwall Pension Fund, was meeting its legal requirements in relation to the running of the Fund. In addition, the review highlighted areas of good practice in relation to the governance of the Fund and also recommended any potential areas for improvements.

Aon's overall conclusion was that the governance of the Fund is of a good level in many areas and meets legal requirements on the whole, and in some areas the Administering Authority is demonstrating best practice. Aon identified some areas which they believed could be developed and therefore made some recommendations. Officers of the Fund have implemented these recommendations. Officers are awaiting the outcome of the Good Governance project, to see whether further updates to the Fund's governance procedures are required.

Funding and investment

● Main risks

Pension costs for employers could significantly increase and possibly become unaffordable; in the longer term there could be insufficient assets to pay for accrued pension liabilities.

● What could increase risk

A sustained fall in global markets; low interest rates; high inflation; inappropriate investment and funding strategy; failure of fund managers to meet investment targets; on-going austerity reducing employers' budgets; employers changing their delivery models; the impact of externally led changes outside of our control; ESG issues including climate change.

● Current risk

Alongside the current global pandemic, there are also a number of ongoing geopolitical events, which can and have had an impact on



the performance of investments. The Fund has a diversified investment strategy in place to try to mitigate the downside impact to the Fund. The Fund also has a tactical asset allocation portfolio, which is able to be more dynamic by taking a 12-month view, and the Fund has a risk management framework, which will seek to mitigate risk in a number of areas and includes an equity protection strategy. The performance of the investments is continually monitored by officers and advisers. It is reported to Pensions Committee and the Local Pension Board on a quarterly basis.

The Committee recognises the importance of managing Environmental, Social and Corporate Governance ('ESG') issues, including climate change, that are financially material to the Fund, both in terms of opportunities and risks. What is more, there is a growing urgency with respect to long-term sustainability issues, particularly climate change. The Fund believes it is imperative that ESG considerations and active ownership are integrated throughout the investment process and that they are taken into account as part of funding and investment strategy setting.

Administration and communication

● Main risks

The service delivery might not meet legal requirements; or agreed local performance standards; or is seen by stakeholders as not being cost effective.

● What could increase risk

A lack of a trained workforce; an inappropriate organisational size, structure and culture; poor IT systems and reporting; poor communication; inefficient or inadequate procedures; poor engagement with employers or employers with insufficient resources to carry out their responsibilities; unexpected changes in scheme membership or numbers of employers; increasingly complex pension and taxation laws and regulations.

● Current risk

Aon's governance review concluded that the Fund's administration and communication was of a high standard. It also highlighted some areas for continuing development, such as the implementation of a Fund specific Administration Strategy, and improvements to the Breaches Log, which were subsequently implemented by Officers.

Training plan

Both the Pensions Committee and the Local Pension Board have training strategies in place to aid the members in performing and developing personally in their individual roles, and officers also undertake training, with the ultimate aim of ensuring that the Cornwall Pension Fund is managed by individuals who have the appropriate levels of knowledge and skills. The following training plan has been developed for 2021/22 to assist in meeting that aim. This training plan will be undertaken with best endeavours, given the Covid restrictions in place. These restrictions may lead to the dates for the events changing.

Training plan for 2021/22

Title of session	Timescale	Audience
Pensions Committee Pre-Meeting Training	Quarterly	Pensions Committee, Local Pension Board
Local Pension Board Pre-Meeting Training	Quarterly	Local Pension Board, Pensions Committee
PLSA Local Authority Conference	Q1	Pensions Committee, Local Pension Board and Officers
New Committee Member Induction	Q1	Pensions Committee
Responsible Investment Training Day	Q2	Pensions Committee, Local Pension Board and Officers
Brunel Pension Partnership Training Day	Q3	Pensions Committee, Local Pension Board and Officers
Investments Training Day	Q4	Pensions Committee, Local Pension Board and Officers
CIPFA Pensions Audit and Accounting Working	Q4	Officers
Local Pension Board Seminar	Q4	Local Pension Board and Officers
New Member Training	As required	Pensions Committee, Local Pension Board

Key tasks\Work plan

Governance

Ref	Key action - Task	2021/22 period				Later years	
		Q1	Q2	Q3	Q4	22/23	23/24
Gov1	Review of Risk Register	X	X	X	X	X	X
Gov2	Approval of the Fund's External Audit Plan				X	X	X
Gov3	Review and approve Cash Management Strategy				X	X	X
Gov4	Review and approve Business Plan				X	X	X
Gov5	Annual review against The Pensions Regulator's Code of Practice				X	X	X
Gov6	Approval of audited Fund accounts	X				X	X
Gov7	Approval of Annual Report		X			X	X
Gov8	Implement Outcomes of Good Governance Project	X	X	X	X	X	
Gov9	Review Policy Statements	X		X	X	X	X
Gov10	Training Needs Analysis		X			X	X
Gov11	Annual Employer Health Check		X	X		X	X
Gov12	New Committee Member Induction and Training	X	X	X	X		

Gov1 – Review of Risk Register

What is it?

The Fund's Risk Management Policy details how the Fund will measure, monitor and manage risks. Officers review the Risk Register quarterly. The Pensions Committee and Local Pension Board work with Officers, as required, to drill down into the details risks and gain an understanding of the controls in place and the various sources of assurance. Any areas of concern are brought to the attention of the Committee at their next meeting.

Timescales and Stages

Review Risk Register || 2021/22, 2022/23 & 2023/24

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

Gov2 – Approval of the Fund’s External Audit Plan

What is it?

The Fund’s auditors, Grant Thornton, produce an Audit Plan which provides an overview of the planned scope and timing of the statutory audit. The Audit Plan is presented to the Pensions Committee for approval.

Timescales and Stages

Approval of Audit Plan || Q4 2021/2022

Resource and Budget Implications

The fee for the Audit Plan is included in Grant Thornton’s annual fee to the Fund and is incorporated into the existing budget.

Gov3 – Review and approve Cash Management Strategy

What is it?

The Fund’s Cash Management Strategy sets out how the Fund invests any cash which is held for cash flow purposes (to meet day-to-day payments), with the priority given to security of capital and the liquidity of the investments. This policy is reviewed annually by officers and subsequently presented to Committee for approval.

Timescales and Stages

Review and approve Cash Management Strategy || Q4 2021/2022

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

Gov4 – Review and approve Business Plan

What is it?

The Fund’s Business Plan explains the background and objectives for the management of the Cornwall Pension Fund and documents the priorities and improvements to be implemented by the Pension Fund over the next three years. The Business Plan is reviewed annually by officers and subsequently presented to Committee for approval.

Timescales and Stages

Review and approve Business Plan || Q4 2021/2022

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

Gov5 – Annual review against The Pensions Regulator’s Code of Practice

What is it?

The Pension Regulator’s Code of Practice gives practical guidelines on how to comply with the legal requirements of pension regulation. Officers will conduct a full review of the Fund’s approach against the legal requirements underpinning the TPR Code of Practice, with a view to ensuring that these are being adhered to.

Timescales and Stages

Full review against The Pensions Regulator’s Code of Practice || Q4 2021/2022

Resource and Budget Implications

To be led by the Pension Investment Manager and the Pension Benefits Manager. All internal costs are being met from the existing budget.

Gov6 – Approval of audited Fund accounts

What is it?

The Fund accounts are produced by officers of the Pension Investment section. Upon production, auditors Grant Thornton audit the accounts. The audited accounts subsequently go to the Pensions Committee for approval, who in turn will make a recommendation to Cornwall Council's Audit Committee for final approval. Accounts usually must be published by the statutory deadline of the 31 July, however, this deadline will be postponed due to Covid.

Timescales and Stages

Production of Fund accounts || Q1 2021/2022

Approval of audited Fund accounts || Q1 2021/2022

Publication of accounts || Q2 2021/2022

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

Gov7 – Approval of Annual Report

What is it?

The Annual Report is produced by officers of the Pension Investment section. Upon production of the report, auditors Grant Thornton check for consistency against the audited Fund accounts. The report subsequently goes to the Pensions Committee for approval. The Annual Report must be published by the statutory deadline of the 1 December.

Timescales and Stages

Production of Annual Report || Q2 2021/2022

Approval of Annual Report || Q2 2021/2022

Publication of Annual Report || Q3 2021/2022

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

Gov8 – Implement Outcomes of Good Governance Project

What is it?

In 2019, Hymans were appointed by the Scheme Advisory Board (SAB) to facilitate a review of governance structures for the LGPS. The SAB commissioned this report to examine the effectiveness of current LGPS governance models and to consider alternatives or enhancements to existing models which can strengthen LGPS governance. This project is now at an advanced stage and once the formal requirements are known, the Fund will put a work programme in place, to ensure compliance with the requirements and that the Fund maintains best practice governance.

Timescales and Stages

Review and recommendation of any necessary amendments || Q1-Q4 2021/2022

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

Gov9 – Review Policy Statements

What is it?

The Fund has a number of policy statements in place, which will be reviewed as required for any material changes, annually were set out in the policy document and also after the formal valuation and the investment strategy review have taken place.

Timescales and Stages

Approval of Policy Statements ||

Q1 & Q3-Q4 2021/2022

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

Gov10 – Training Needs Analysis

What is it?

Officers, Pensions Committee and the Local Pensions Board require a level of knowledge and skills to discharge the duties and responsibilities allocated to them. As a matter of good governance, a review will take place to ensure that the training which is given is in the most effective areas, to ensure those charged with governance are able to discharge their duties and responsibilities.

Timescales and Stages

Training Needs Analysis exercise || Q2 2021/2022

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

Gov11 – Annual Employer Health Check

What is it?

A review of the underlying financial strength of employers participating in the Fund, enabling an assessment of risk and the long-term financial ability to meet funding needs. The review helps to identify and minimise risks to the Fund, allowing the Fund to assess the affordability of contributions, as well as enabling the Fund to work with and support employers.

Timescales and Stages

Annual Employer Health Check || Q2 & Q3 2021/2022

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

Gov12 – New Committee Member Induction and Training

What is it?

Ensuring that following the Local Elections in May, any new Pensions Committee members are fully equipped with the knowledge and skills to discharge the duties and responsibilities assigned to them. The training reflects the recommended knowledge and skills level requirements set out in the CIPFA Pensions Finance Knowledge and Skills Frameworks.

Timescales and Stages

New Committee Member Induction and Training || 2021/2022

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

Valuation and funding

Ref	Key action - Task	2021/22 period				Later years	
		Q1	Q2	Q3	Q4	22/23	23/24
VF1	Review of current funding position	X	X	X	X	X	X
VF2	Actuarial Valuation					X	
VF3	Cash flow modelling			X		X	X

VF1 – Review of current funding position

What is it?

Officers report quarterly on the change in funding position and the market movements which have caused this. As part of good financial management, officers work with the actuary annually to conduct a more detailed review of the liabilities.

Timescales and Stages

Review of current funding position || 2021/22, 2022/23 & 2023/24

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

VF2 – Actuarial Valuation

What is it?

The Fund's actuary, Hymans Robertson, carries out a valuation exercise every three years. The purpose of the valuation is to review the Fund's funding strategy and to ensure that the Fund has a contribution plan and investment strategy in place that enables the Fund to meet its projected liabilities.

Timescales and Stages

Actuarial Valuation || 2022/2023

Resource and Budget Implications

To be led by the Pension Investment Manager and Pension Benefits Manager. All internal costs are being met from the existing budget.

VF3 – Cash flow modelling

What is it?

The Fund's actuary, Hymans Robertson, is commissioned to provide a long-term cash flow projection of the Fund's liabilities. The purpose being to explore the point in time where it is predicted that benefit payments going out of the Fund exceed the contributions coming in i.e. the Fund becomes cash flow negative.

Timescales and Stages

Cash flow modelling completed || Q3 2021/2022

Resource and Budget Implications

To be led by the Pension Investment Manager and Pension Benefits Manager. All internal costs are being met from the existing budget.

Investment management

Ref	Key action - Task	2021/22 period				Later years	
		Q1	Q2	Q3	Q4	22/23	23/24
IM1	Monitor Fund performance	X	X	X	X	X	X
IM2	Review investment consultancy contract					X	X
IM3	Review and approve investment strategy				X	X	X
IM4	Asset Transitions to Brunel Portfolios	X	X	X	X		
IM5	Continue Implementation of the Fund's Risk Management Framework	X	X	X			
IM6	Quarterly Performance Report	X	X	X	X	X	X

IM1 – Monitor Fund performance

What is it?

Officers, with input from the Fund's investment consultant and independent advisor, conduct a quarterly review of the performance of the Fund, which is subsequently discussed at Committee. The Fund's custodian, State Street, produce monthly performance reports which are reviewed by officers. These reports feed into a quarterly report which examines the performance of the Fund and provides a market commentary. If an issue with the performance of a specific fund manager is identified, this will be discussed in more depth with the manager and at Committee.

Timescales and Stages

Monitor Fund performance ||
2021/22, 2022/23 & 2023/24

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

IM2 – Review investment consultancy contract

What is it?

It is good governance to regularly review the contract for the Fund's investment consultant, currently awarded to Mercer. The review should ensure that the Fund is receiving a high-quality, efficient and effective consultancy service which represents good value for money.

Timescales and Stages

Review investment consultancy contract ||
Q4 2022/23

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

IM3 – Review and approve investment strategy

What is it?

The Fund's investment strategy is set out in the Investment Strategy Statement. The Fund regularly reviews its investment strategy, with an exercise completed annually as part of the business planning processes and comprehensively every three years as part of the actuarial valuation exercise. This is to ensure that the strategy is still appropriate to achieve the required asset outperformance given market conditions and is also suitable for the Fund's predicted cash flow position.

Timescales and Stages

Review investment strategy || Q4 2021/22

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

IM4 – Asset Transitions to Brunel Portfolios

What is it?

The pooling of investment assets, with those of the other 9 administering authorities who make up the Brunel Pension Partnership, is nearly complete. These asset transitions must be managed efficiently and effectively, to minimise cost and risk to the Fund. The Fund and its advisors will continue to work closely with Brunel throughout this process. Further detail on the remainder of the asset transition programme can be found in Appendix 1, which starts on page 34.

Timescales and Stages

Asset transitions || 2021/22

Resource and Budget Implications

To be led by the Pension Investment Manager. These costs will come out of the proceeds of the assets which are sold

IM5 – Continue Implementation of the Fund's Risk Management Framework

What is it?

Following the 2019 investment strategy review, Committee approved the creation of a bespoke a risk management framework, which would seek to reduce risk in a number of areas including currency risk and equity risk. The Framework is in now place, with the remaining components to be implemented this year.

Timescales and Stages

Design and Implement || Q1-Q3 2021/22

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

IM6 – Quarterly Performance Report

What is it?

Production of a high quality quarterly performance report, which is presented to the Pensions Committee at every quarterly meeting, and ultimately helps to inform investment decisions. The report covers the performance of all of the Fund's investments, responsible investment reporting, assets and liabilities, market commentary, market statistics, and investment commitments.

Timescales and Stages

Produce Quarterly Performance Report || 2021/22, 2022/23 & 2023/24

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

Responsible investment

Ref	Key action - Task	2021/22 period				Later years	
		Q1	Q2	Q3	Q4	22/23	23/24
RI1	Responsible Investment Update	X	X	X	X	X	X
RI2	Responsible Investment Reporting	X	X	X	X	X	X
RI3	Monitoring and Engaging the Fund's Investment Managers on their Responsible Investments Approaches	X	X	X	X	X	X
RI4	2020 FRC Stewardship Code	X	X	X		X	X
RI5	Review and approve Responsible Investment Policy			X		X	X
RI6	TCFD Reporting			X		X	X
RI7	IIGCC Net-Zero Framework	X	X	X	X	X	X
RI8	Scheme Member Engagement	X	X			X	X
RI9	Responsible Investment Outcomes Report			X		X	X

RI1 – Responsible Investment Update

What is it?

Reporting on the responsible investment activities, stewardship activities and any other relevant updates from over the previous quarter. This includes actions taken by Brunel.

Timescales and Stages

Report on responsible investment activity
|| 2021/22, 2022/23 & 2023/24

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

RI2 – Responsible Investment Reporting

What is it?

As the Fund's holdings transition into Brunel portfolios, we will be publishing the following metrics and data, as relevant, for different asset classes and strategies:

- Carbon footprints
- Fossil fuel exposures
- Green and brown share (i.e. the proportion of its portfolios invested in areas such as renewable energy)
- Engagement and voting activities

Timescales and Stages

Publish responsible investment reporting
|| 2021/22, 2022/23 & 2023/24

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

RI3 – Monitoring and Engaging the Fund’s Investment Managers on their Responsible Investment Approaches

What is it?

The Fund seeks assurance that its fund managers are acting in-line with the Fund’s Responsible Investment Policy. Where managers are lagging behind their peers in terms of ESG integration, they will be engaged and encouraged to improve.

Timescales and Stages

Fund manager engagement
|| 2021/22, 2022/23 & 2023/24

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

RI4 – 2020 FRC Stewardship Code

What is it?

The UK Stewardship Code sets high expectations of those investing money on behalf of UK savers and pensioners. It defines stewardship as the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. The Code consists of 12 Principles for asset owners. These are supported by reporting expectations which indicate the information that should be publicly reported in order to become a signatory.

Organisations wanting to become signatories to the Code will be required to produce an annual Stewardship Report explaining how they have applied the Code in the previous 12 months.

Timescales and Stages

Gap Analysis + Produce Updates
|| Q1 & Q2 2021/2022

Publish Submission (Annual Report)
|| Q3 2021/2022

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

RI5 – Review and approve Responsible Investment Policy

What is it?

The Fund’s Responsible Investment Policy sets out the Committee’s approach to responsible investment. It details the actions taken on behalf of the Fund’s members, and other stakeholders, to enhance long-term risk adjusted returns, and to protect the Fund from ESG and reputational risks. This policy is reviewed annually by officers and subsequently presented to Committee following engagement with advisors, the Committee, the Pension Board, and Scheme Members.

Timescales and Stages

Review and approve Responsible Investment Policy
Q3 || 2021/2022

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

RI6 – TCFD Reporting

What is it?

The Fund has committed to reporting in line with the Task Force on Climate-related Financial Disclosures (“TCFD”). The Fund will prepare and publish its first TCFD report this year.

Timescales and Stages

TCFD Report || Q3 2021/2022

Resource and Budget Implications

To be led by the Pension Investment Manager. All internal costs are being met from the existing budget.

RI7 – IIGCC Net-Zero Framework

What is it?

The Fund will continue to engage with the Institutional Investors Group on Climate Change (“IIGCC”) on their Net-Zero Investment Framework, and further integrate the Framework into the Fund’s responsible investment practices.

Timescales and Stages

IIGCC Net-Zero Framework
|| 2021/22, 2022/23 & 2023/24

Resource and Budget Implications

To be led by the Pension Investment Manager.
All internal costs are being met from the existing budget.

RI8 – Scheme Member Engagement

What is it?

The Fund will engage with Scheme members on their views on responsible investment and the Fund’s Responsible Investment Policy. This will allow the Fund to better understand the views of Scheme members, taking the feedback into account when reviewing the Fund’s Responsible Investment Policy. It will also facilitate improved communication on the position and progress the Fund is making with regards to responsible investment.

Timescales and Stages

Scheme Member Engagement
|| Q1 & Q2 2021/2022

Resource and Budget Implications

To be led by the Pension Investment Manager.
All internal costs are being met from the existing budget.

RI9 – Responsible Investment Outcomes report

What is it?

The Fund will once again publish a Responsible Investment Outcomes Report. The Report will detail the progress the Fund has made throughout the year in evolving its policies in responsible investment and climate change, and will also detail some of the RI achievements the Fund has made over the year.

Timescales and Stages

Publish Responsible Investment Outcomes Report
|| Q3 2021/2022

Resource and Budget Implications

To be led by the Pension Investment Manager.
All internal costs are being met from the existing budget.

Administration and communication

Ref	Key action - Task	2021/22 period				Later years	
		Q1	Q2	Q3	Q4	22/23	23/24
AC1	Issue Annual Benefit Statements to active and deferred members		X			X	X
AC2	Reconciliation of membership data for all employers	X	X		X	X	X
AC3	Provision of data to actuary to produce financial accounting reports required for employer accounts	X	X	X		X	X
AC4	P60's distributed to pensioner members	X				X	X
AC5	Annual pension in payment and CARE accrual increase exercises	X				X	X
AC6	Annual submission of HMRC Event reports				X	X	X
AC7	Issue notices to employees for breaches of HMRC Annual Allowance limits			X		X	X
AC8	Review and correct data errors		X	X		X	X
AC9	Process and reconcile membership pay and contribution data for each year ending 31 March	X	X			X	X
AC10	Data quality assessment for the Pensions Regulator		X			X	X
AC11	Overseas Pensioner existence check			X			X
AC12	Possible implementation of McCloud judgement				X	X	X
AC13	Roll Out of Member Self Service to membership		X	X			

AC1 – Issue Annual Benefit Statements to active and deferred members

What is it?

It is a statutory requirement that the Fund issues annual benefit statements to every active and deferred member. The statements must show the

value of the benefits earned as at 31 March each year and must be issued by the following 31 August.

Timescales and Stages

Annual Benefit Statements issued by 31 August
|| Q2 2021/2022

Resource and Budget Implications

To be led by the Pension Benefits Manager. All costs are met from the existing budget.

AC2 – Reconciliation of membership data for all employers

What is it?

This exercise involves each employer providing the Fund with basic details of all their current contributing employees. This provides an opportunity to ensure the Fund has accurate membership records of all contributing employees as well as confirming notification has been received for those employees who ceased membership of the Fund or recently joined. It helps to ensure the database is accurate in readiness for the year-end process, detailed at Reference Item AC9.

Timescales and Stages

Full review of information received from employers against administration database performed twice a year || Q1 2021/2022 || Q2 2021/2022 || Q4 2021/2022

Resource and Budget Implications

To be led the Pension Benefits Manager. All costs are met from the existing budget.

AC3 – Provision of data to actuary to produce financial accounting reports required for employer accounts

What is it?

Some employers in the Fund are required to state their pension liabilities within their statutory annual accounts. The Fund therefore provides the actuary with annual financial and membership data to enable the actuary to calculate the pension liabilities and produce a statutory report certifying those liabilities, which is then used as part of the annual employer audit.

Timescales and Stages

For employers with 31 March financial year-end || Q1 2021/2022

For employers with 31 July financial year-end || Q2 2021/2022

For employers with 31 August financial year-end || Q3 2021/2022

Resource and Budget Implications

To be led by the Pension Benefits Manager. Costs for provision of the data are met from the existing budget. Costs of the statutory report are met by the respective employers.

AC4 – P60's distributed to pensioner members

What is it?

This document certifies the pension received and income tax paid by each pensioner for each income tax year.

Timescales and Stages

P60's distributed to pensioner members || Q1 2021/2022

Resource and Budget Implications

To be led by the Pension Benefits Manager. All costs are met from the existing budget.

AC5 – Annual pension in payment and CARE accrual increase exercises

What is it?

Pensions in payment are increased each April in line with the increase in the Consumer Prices Index for the twelve-month period ending in the previous September. The actual increase figure is confirmed each year by a Statutory Instrument. CARE pension for active members is increased by the same index figure on 1 April.

Timescales and Stages

Pension and CARE increase applied || Q1 2021/2022

Resource and Budget Implications

To be led by the Pension Benefits Manager. All administration costs are met from the existing budget. Costs for the increased benefits are met by the Fund.

AC6 – Annual submission of HMRC Event reports

What is it?

The report contains data that primarily relates to individuals who have breached HMRC limits for the capital value of their pension benefits either on an annual basis or at retirement.

Timescales and Stages

Submission to HMRC (31 January statutory deadline) || Q4 2021/2022

Resource and Budget Implications

To be led by the Pension Benefits Manager All costs are met from the existing budget.

AC7 – Issue notices to employees for breaches of HMRC Annual Allowance limits

What is it?

Notices are issued to individuals who exceed the annual limit set by HMRC for the amount of increase in their pension benefits. They contain information that individuals are required to include on their Self-Assessment return to HMRC. This information is also included in the HMRC Event Report which the Fund is required to submit annually, shown at Reference Item AC6.

Timescales and Stages

Notices issued to employees (6 October statutory deadline) || Q3 2021/2022

Resource and Budget Implications

To be led by the Pension Benefits Manager. All costs are met from the existing budget.

AC8 – Review and correct data errors

What is it?

This involves the Fund submitting data to both our actuarial advisers and software suppliers in order to check the accuracy and quality of our data. This enables the Fund to establish a data quality score which must be included on an Annual Return that we are required to complete and submit to the Pensions Regulator, in accordance with Reference Item AC10. It also helps the Fund actuary to calculate more accurate pension liabilities and contribution rates for each participating employer in the Fund.

Timescales and Stages

Data submitted to Fund Actuary and software supplier || Q2 2021/2022

Annual return to Pensions Regulator || Q3 2021/2022

Resource and Budget Implications

To be led by the Pension Benefits Manager. All costs are met from the existing budget.

AC9 – Process and reconcile membership pay and contribution data for each year ending 31 March

What is it?

Receive all membership data from all employers and reconcile employee contributions with total paid over scheme year. Process data on administration membership database to ensure each record has contributions and pay credited for that year and also check to confirm we have received details of all leavers and new entrants over the same period. This is required in order to complete Reference Item AC5.

Timescales and Stages

Must be completed by July in order to comply with Reference Item AC1 || Q1 2021/2022 || Q2 2021/2022

Resource and Budget Implications

To be led by the Pension Benefits Manager. All costs are met from the existing budget.

AC10 – Data quality assessment for the Pensions Regulator

What is it?

The Pensions Regulator now requires the Fund to provide information on the quality of data when completing and submitting an Annual Return. This is broken down between Common and Conditional data. Common data includes items such as National Insurance number, name, date of birth etc. Conditional data includes items such as membership details for final salary and CARE service, details of any transfers into the fund etc.

Timescales and Stages

Complete data quality assessment and Pension Regulator annual return || Q2 2021/2022

Resource and Budget Implications

To be led by the Pension Benefits Manager. All costs are met from the existing budget.

AC11 – Overseas Pensioner existence check

What is it?

We undertake a monthly mortality check of all our UK pensioners through a specialist external company. Unfortunately, this is unable to include overseas pensioners. We therefore commission a similar exercise, every two years, specifically aimed at our overseas pensioners to ensure they are still alive, and no-one is fraudulently claiming a pension.

Timescales and Stages

Ensure all overseas pensioners confirm identity || Q3 2021/2022

Resource and Budget Implications

To be led by the Pension Benefits Manager. All costs are met from the existing budget.

AC12 – Possible implementation of McCloud judgement

What is it?

The Government lost an age discrimination case regarding transitional protections put into place for those within 10 years of normal retirement and were contributing members as at 31 March 2012. This was to ensure that benefits earned, for this group of people, in the new Care scheme from 1 April 2014 would not be less than those they could have earned under the previous final salary scheme. Any remedy must “level-up” benefits and once agreed, will then have to be implemented on our membership database.

Timescales and Stages

Complete any required changes to membership data || Q4 2021/2022

Resource and Budget Implications

To be led by the Pension Benefits Manager. All administration costs are met from the existing budget. Any costs of increasing benefits are met by the Fund.

AC13 – Roll out of Member Self Service to membership

What is it?

Complete training of administration team by external software company of using the member self-service system in order to allow the membership direct access to their personal record on the administration database and maintaining the options available for members to run benefit calculations and updating personal details. Once complete, informing membership of this facility and dealing with request to access and any subsequent queries.

Timescales and Stages

Complete any required changes to membership data || Q2 & Q3 2021/2022

Resource and Budget Implications

To be led by the Pension Benefits Manager. All administration costs are met from the existing budget. Any costs of increasing benefits are met by the Fund.

Brunel Pension Partnership

Administering authorities are required by regulation to commit to a suitable pool to achieve benefits of scale. The Cornwall Pension Fund is working with nine other administering authorities to pool investment assets through the Brunel Pension Partnership Ltd. (Brunel). Cornwall Council has approved the full business case for Brunel, as have the other administering authorities. Brunel Pensions Partnership Limited was formed October 2016 and is wholly owned by the administering authorities. Brunel obtained authorisation from the Financial Conduct Authority (FCA) in March 2018 to act as an investment manager and an Investment advisor.



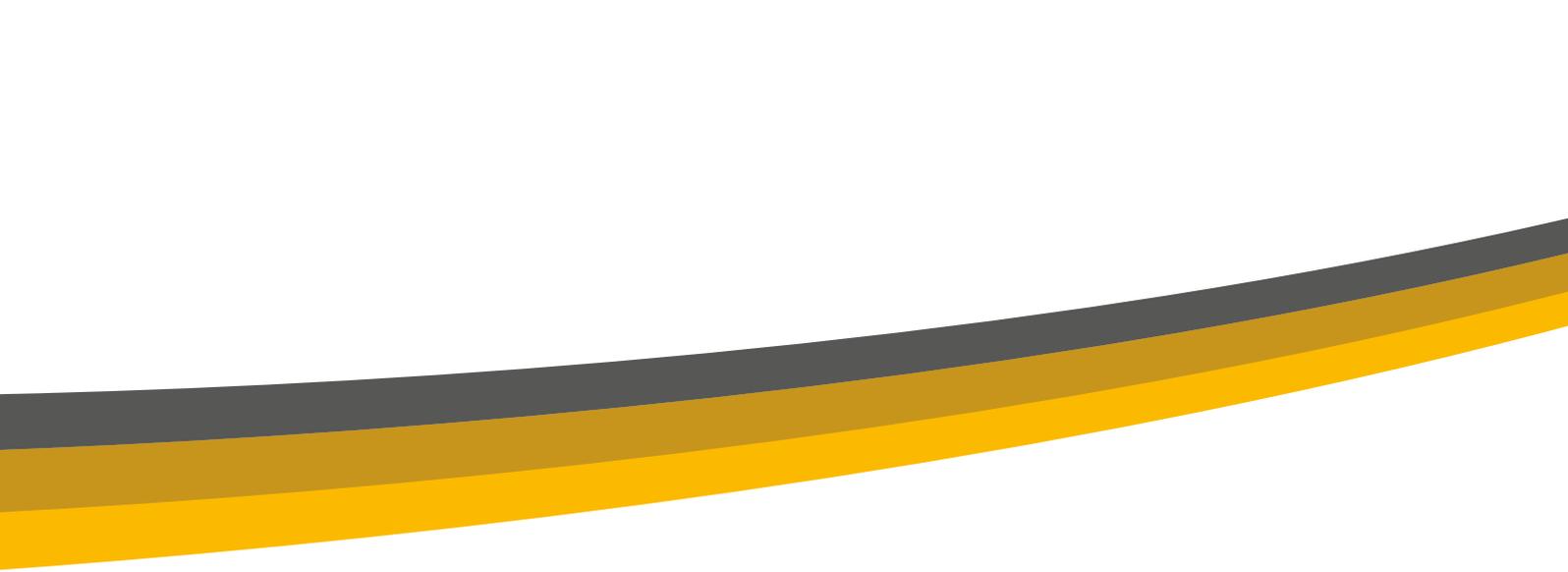
It is anticipated that the Fund's investment assets will be transitioned across from our existing investment managers to portfolios managed by Brunel by the end of 2021/22, in accordance with a timetable that has been agreed between the administering authorities and Brunel. This does not include the legacy assets the Fund is already invested in, such as private equity, infrastructure and private debt, which will run off at a normal lifecycle. However new commitments to these alternative asset classes will be made through Brunel, based on agreed principles. Until such

time as these transitions take place, the Fund will continue to maintain the relationships with our current investment managers and oversee their investment performance as detailed in the Business Plan.

The remaining transitions are scheduled to take place as follows:

Multi-Asset Credit	Q1 2021/22
Hedge Funds	Q3 (TBC) 2021/22
Tactical Asset Allocation	Q4 (TBC) 2021/22





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