

Civil Service Pension Board

Annual Report

1st April 2016 to 31st March 2017

Index

1.	CSPB Chairperson Statement	Page 3
2.	Introduction	Page 4
3.	The CSPB's purpose and function	Page 4
4.	CSPB Membership	Page 5
5.	CSPB 2016/17 Work Areas	Page 6
6.	Looking ahead – 2017/18	Page 6
7.	CSPB Contact details	Page 7
8.	Annex A – Civil Service Pension Board – Membership	Page 8
9.	Annex B – Civil Service Pension Board – Attendance	Page 9

1. CSPB Chairperson Statement - Margaret Edwards



Welcome to the Civil Service Pension Board (CSPB) Annual Report for the period 2016/17.

The CSPB was created in 2010 and was the first such Board to be set up for a Public Service pensions scheme. The Public Service Pensions Act 2013 put the CSPB on a formal legal footing from 1 April 2015. The CSPB has continued to meet on a regular basis since April 2015.

During the period covered by this Annual Report I was delighted to take up the post as the new Non Executive Chair of the Civil Service Pension Board. I took over this role from Philip Rutnam (DfT Permanent Secretary) in October 2016. It is important to note that myself and CSPB members would like to pay tribute to the invaluable work that Philip undertook as CSPB Chair driving forward the CSPB's workstreams and providing constructive challenge to the Cabinet Office's Scheme Manager.

This has certainly been a challenging and successful year for the Pension Board. The Board has reviewed a wide range of subject areas including agreeing Board processes, establishing stakeholder relationships, reviewing Defined Benefit (DB) and Defined Contribution (DC) arrangements as well as MyCSP's performance.

I would like to express my thanks to all those who helped to ensure the success of this year, including Pension Board Members, Cabinet Office Pensions Team as well the invaluable support provided by our Secretariat. As I settle into my new role I am very much looking forward to working with the CSPB and the Cabinet Office to continue to improve administration arrangements for Civil Service Pensions during 2017/18.

Margaret Edwards
Non Executive Chair,
Civil Service Pension Board

1st July 2017

2. Introduction

The [Public Service Pensions Act 2013](#) required the establishment of a Pension Board from 1st April 2015 with the responsibility for “assisting the scheme manager” to secure compliance with the Civil Service pension schemes, any other legislation relating to the governance and administration of this scheme and any other statutory pension scheme connected to it; and the [Pensions Regulator’s Codes of Practice for Public Sector Schemes](#).

In accordance with the Terms of Reference for the Pension Board, the Board will report annually on its work, providing assurance as required and ensuring the effective administration of the scheme. The Board does not have responsibility for providing advice on the desirability of changes to the scheme and on matters of policy as this is undertaken by the Scheme Advisory Board (SAB). This annual report provides a brief summary of its work during the period 2016/17 as well as a forward look to the following year.

3. The CSPB’s purpose and function

The Civil Service pension arrangements represent the third biggest occupational pension scheme in the UK with around 1.5 million members and involving nearly 400 employers. Unusually for a public sector pension scheme, the Civil Service pension arrangements include both Defined Benefit (DB) and Defined Contribution (DC) arrangements and the CSPB has an important role to play in the successful administration of both.

The CSPB was the first Pensions Board to be set up for an unfunded Public Sector pension scheme.

The CSPB meets at least quarterly. It has two sub-groups - the Defined Benefit and Delivery (DBD) Sub Group and the Employer and Defined Contribution (EDC) Sub Group which report into the main board. A small secretariat based in the Cabinet Office supports the CSPB in its duties.

The CSPB’s principal function is to hold the Cabinet Office, as scheme managers, to account for the delivery of the Civil Service pension arrangements. MyCSP Limited largely carries out the administration of the arrangements under contract to the Cabinet Office.

The Cabinet Office set up MyCSP at the same time as the CSPB originally as an in-house provider. In 2012 MyCSP spun-out of government as a mutual joint venture. Equiniti is now the majority shareholder, while the Cabinet Office retains a stake in the business. In 2014, MyCSP took in-house the pensioner payroll function while simultaneously transferring to a new IT administration system. This achieved a long-term goal of having a single database for the Civil Service pension arrangements.

The CSPB's interests are purely to do with the Civil Service Pension Scheme administration. It has no role in the formulation of policy or the management of assets within the DC arrangements.

4. CSPB Membership

The constitution of the CSPB is set out in the Public Service Pensions Act 2013 and The Public Service (Civil Servants and Others) Pensions Regulations 2014. The Pension Board is made up of approximately one-third employee representatives, one-third employer representatives and one third to cover Chairperson and non-executive representatives.

The CSPB Membership is comprised as follows:

- *Independent Non Executive Chair* - Margaret Edwards was appointed as the Chair of the Civil Service Pension Board (CSPB) from 1st October 2017 for a three year period, following an open and fair recruitment process.

Margaret took over this role from Philip Rutnam (DfT Permanent Secretary) and her other roles include: Chair of the National Oversight Group for High Secure Psychiatric services (NOG), Member of the Review Body on Senior Salaries and a Non-Executive Director for the Government Internal Audit Agency (GIAA). From 2010 to 2015 she was a Vice President at McKesson which is one of the largest health care companies in the world. In addition she has 25 years senior Management experience in the NHS and UK Government.

- *Four employer representatives* nominated from across Government Departments by employers - DWP, CO, HMT and FCO.

- *Four employee representatives* nominated from Trade Union Side to ensure a broad representation of scheme membership – including active, deferred, pensioner members and Senior Civil Service.

- *Two non-executive* non-voting members drawn from the private sector pensions industry.

- Tim Le Mare (GIAA) also attends Board meetings as a non voting member.

A full list of Board members can be found at **Annex A** and their attendance at CSPB meetings during 2016/17 can be found at **Annex B**.

A small secretariat based in Cabinet Office provides support to the CSPB and their duties include:

- Arranging and managing the meetings of the CSPB and its Sub Groups.
- Preparing or commissioning papers for the CSPB to consider.
- Collating administration performance statistics; and

- Drafting papers/reports on behalf of the CSPB.

5. CSPB 2016/17 Work Areas

During the period covered by this annual report, the Civil Service Pension Board met on a quarterly basis on the following dates:

- 2nd June 2016,
- 22nd September 2016,
- 6th December 2016, and
- 16th March 2017.

In summary, during the period 2016/17, the CSPB considered a number of issues and work areas including:

- Regularly reviewing its Risk Register and CSPB Work Plan.
- CSPB's role and Operating Model.
- Regular updates from CSPB DBD and EDC Sub Group Chairs
- Reviewed 'What good would look like' in relation to other Public Pension Sector Schemes.
- Engaging with CSPA Employers
- Third Party Administrator performance
- Defined Contribution Provider Review
- New Scheme Medical Advisor.

The period covered by this report has also been utilised to improve the governance arrangements which underpin the work of the Pension Board, including:

- Updates on the appointment of an independent Chair,
- Progress reports on the recruitment of new CSPB Secretariat,
- Regular legislative and policy updates to pension scheme arrangements,
- Discussions with senior Cabinet Office Officials and a presentation from the Pension Regulator.

6. Looking ahead – 2017/18

The Civil Service Pension Board will meet at least on a quarterly basis from April 2017. The Board will review of areas during 2017/18 including:

- Review CO Management Information
- Reports of the Sub Group Chairs
- IDR/Pension Ombudsman Cases Update
- Assessment of Communications
- Board Members Training Needs

The Board will continue to assess compliance against both the legal requirements and the Pensions Regulator's Code 14 on scheme governance.

7. CSPB Contact details

If you would like more information on the Civil Service Pension Board or have any queries on the content of this report please contact: scott.spencer@cabinetoffice.gov.uk.

Annex A – Civil Service Pension Board – Membership during 2016/17.

1.	Margaret Edwards	Non-Executive Independent Chair since 1 st October 2016.
2.	Philip Rutnam	Executive Chair between 1 st April 2016 and 1 st October 2016 - Permanent Secretary, Department for Transport.
3.	Ian Albert	Member nominee – PCS.
4.	David Howdon	Member nominee – FDA
5.	Neil License	Member nominee – PCS
6.	John Plant	Member nominee – Prospect
7.	Katherine Green	Employer nominee, HMT
8.	Sarah Healey	Employer nominee, DCMS – left the CSPB in August 2016.
9.	Guy Lester	Employer nominee, Cabinet Office
10.	Jonathan Russell	Employer nominee, DWP
11.	Teresa Newell	Employer nominee, FCO – Became a Board Member in February 2017.
12.	Robert Branagh	Non Executive Member
13.	Allan Course	Non Executive Member
14.	Tim Le Mare	GIAA – Non voting Board Member

Annex B – Civil Service Pension Board – Attendance at quarterly Board Meetings during 2016/17.

		2/6/16	22/9/16	6/12/16	16/3/17
1.	Margaret Edwards	N/A	N/A	AM	AM
2.	Philip Rutnam	AM	AM	N/A	N/A
3.	Ian Albert	AM	AM	AM	AM
4.	David Howdon	AM	AM	AM	AM
5.	Neil License	AM	AM	AM	DNA
6.	John Plant	AM	DNA	AM	AM
7.	Katherine Green	AM	AM	AM	DNA
8.	Sarah Healey	DNA	DNA	N/A	N/A
9.	Guy Lester	AM	AM	AM	AM
10.	Jonathan Russell	AM	DNA	AM	AM
11.	Teresa Newell	AM (*)	AM (*)	AM (*)	AM
12.	Robert Branagh	AM	AM	AM	AM
13.	Allan Course	AM	AM	DNA	DNA
14.	Tim Le Mare	AM	AM	DNA	AM

AM = Attended Meeting

DNA – Did not attend meeting

(*) = Attended meeting as Secretary to the CSPB.