

# Civil Service Pension Board

## Annual Report

1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022



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# 1. CSPB Non-Executive Chair Statement - Margaret Edwards



Welcome to the sixth Civil Service Pension Board (CSPB) Annual Report covering the year ended 31 March 2022. This is my sixth year in the role as CSPB Chair and I am currently into my second term and this is coming to an end in September 2022. A campaign will be launched in the coming months for my replacement as Chair. In the meantime I am very much looking forward to the coming months as we assist the Scheme Manager deliver major programmes of work alongside ensuring continued delivery of sound administration and governance of the pension scheme arrangements.

The Board meets on a quarterly basis (and more frequently if needed). The main purpose of the meetings is for the CSPB to gain assurance that all the necessary scheme governance structures are in place and operating effectively within statutory guidelines. In addition to this, the Board aims to gain assurance that scheme members are being efficiently and effectively served by the appointed third party administrators. In doing this we seek to understand challenges the Scheme Manager faces and actively assist with working through issues and exploring solutions.

It has certainly been a busy year for the Board, not least due to the impact of COVID-19. During the year, three new members were recruited to replace members whose terms ended during the year, all of whom contributed fully to the success and effectiveness of the Board and will be missed. That said I am very much looking forward to working with our new members over the coming year who are all very keen to fully contribute to the continued success of the board. I am also really pleased that we have been able to improve the diversity balance of the board through the change of membership. To further underpin our values and ways of working we have been developing a Board Effectiveness Framework.

The board members come from a wide range of backgrounds and bring a depth of knowledge, skills and professional pension expertise to the Board. They represent the interests of all scheme members and we have access to suitably qualified and experienced scheme manager pension team members who attend meetings as required. Knowledge is further enhanced by board members accessing the Pensions Regulator's (tPR) public service toolkit and other relevant pensions training throughout the year. I would very much like to thank all my Board colleagues for their continued engagement, attendance and valuable contribution at our virtual meetings during the past 12 months and for also attending March 2022 in person post Covid.

The Board always keeps the member experience as its central focus. To this end I am very interested to learn more about the external support networks that members can access and how other public service pension boards operate and tackle similar

issues. I therefore have regular meetings with the Civil Service Pensioners' Alliance General Secretary as well as three other public service pension board chairs.

I always welcome any feedback or comments on the work of the Board, this report and the content of our [website](#).

I would like to thank all of those involved in making the CSPB a success this year.

**Margaret Edwards**  
**Non-Executive Chair,**  
**Civil Service Pension Board**

## **2. Introduction**

It is a statutory requirement for Public Service Pension schemes to operate with an independent Pension Board, under Section 5(2) of the Public Service Pensions Act 2013. The 2013 Act requires the provision of a pension board to be incorporated into the pension scheme rules; this requirement is covered by regulations 6 to 9 of the Public Service (Civil Service and Others) Pensions Regulations 2014. The CSPB was originally formed in 2010 but was established in its current form in April 2015 to fulfil the statutory requirement.

The CSPB has the responsibility of “assisting the Scheme Manager” in managing the Civil Service pension scheme arrangements and securing compliance with legislation relating to the governance and administration of the arrangements, including any other statutory pension schemes connected to it. Central to this is the need to work within the guidance issued by The Pensions Regulator for Public Service Pension Schemes.

In accordance with the Terms of Reference for the Pension Board, the Board reports annually on its work, providing assurance of the scheme management and the effective administration of the scheme. This annual report provides a brief summary of its work during the period 1 April 2021 to 31 March 2022 as well as a forward look to the work for the coming year.

## **3. The CFPB'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. 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 meets quarterly but may call extraordinary meetings if there is the need to do so. The Board also set up ad-hoc working groups to address issues as and when required. To ensure the Board continued to be fully informed of important matters in between formal Board meetings, regular interim update meetings with the Scheme Manager team were introduced.

The CFPB's principal function is to promote high standards of administration for the Civil Service pension arrangements. It does this through advising, influencing, challenging and assisting the Scheme Manager in the delivery of these arrangements. Its interests are with the Civil Service Pension Scheme administration and governance, not policy or scheme rule matters. MyCSP Limited carries out the administration of the arrangements for the Defined Benefits schemes. The Legal & General Mastertrust is responsible for the administration and investment of the majority of the civil service Defined Contribution (DC) arrangements and has its own governing Trustee Board. Both providers operate under contracts with the Cabinet Office; the contractual arrangements are overseen by a Contract Management team within the Cabinet Office.

## 4. CSPB 2021/22 Focus

### CSPB Meetings

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

- *9th June 2021*
- *8th September 2021*
- *8th December 2021*
- *9th March 2022.*

The quarterly meetings follow a standard format, the agenda typically includes items such as;

- Chair update and CSPB housekeeping
- Scheme Manager update
- Service Delivery performance and maintenance of data for DB and DC third party administrators
- Information to Members and Communications
- Employer Engagement
- Managing Risk and Internal Controls
- Commercial –contractual matters including performance
- 2015 Scheme -Transitional Protection challenge- Impact of McCloud judgment and the way forward
- GIAA update on internal audits
- Future Services planning

The quarterly board meetings are well attended, with informed input and challenge from all CSPB members. Board papers, presentations and data provided by the Scheme Manager and third party administrators ensure the board is well informed about each agenda item. The Board has been pleased with the quality of the papers submitted by the Scheme Manager to facilitate the varied agendas and acknowledges the work that has been done to make sure that accurate and appropriate content is submitted for board meetings. Improvements have been made to financial reporting of the scheme, risk management and a performance dashboard has been introduced this year.

External stakeholders are invited to meetings during the year such as the Pensions Regulator, commercial partners and the Civil Service Pensioners' Alliance. The Board has been engaged on a range of matters during the year including:

**Administration Provision:** The current contract with MyCSP Ltd to administer the Civil Service Pension arrangements is due to end in December 2021. It has been necessary to extend the current administration contract with MyCSP Ltd to allow for the 2015 Remedy work (mentioned below) to be completed.

The Board was keen to contribute views and advice to the contract extension negotiations process to gain improvements for members. A working group was put

in place to assist the scheme manager in preparing for negotiations highlighting specific areas for improvement. Those most notably incorporated were qualitative performance indicators that measure the member experience over quantitative measures and improvements to digital services. The contract extension to the end of December 2023 was approved by the Minister in December. The extension includes a transition assistance mechanism to deliver the 2015 remedy programme through to 2025, whilst also undertaking transition work for any new contract.

**Future Service Programme:** With the contract extension signed commercial focus immediately turned to planning beyond the contract extension. This is another major programme of work for the scheme. The Board recognises the challenges this will bring and has formed a new working group, utilising the independent knowledge and experience of the CSPB members, to assist with this Programme. The working group will also assist in keeping the CSPB well informed by providing an agile and responsive link between the Future Services Team and the Board.

**Data Improvement Programme:** The Board has retained much interest in the data cleansing activity for pensioner and deferred members, following the completion of the active member data cleansing project. The Board considers this work to be vital and endorses the need for a continual data improvement and maintenance cycle to be in place to assist with the major challenges the scheme faces in the coming years. This is also crucial to ensure benefit calculations are efficient and accurate. An integral part of this involves the interface of member data from employers to the scheme and as such a process to monitor employer compliance with interface requirements is in place. Regular reports are provided to the Board in this regard.

**2015 Remedy Programme:** As this programme impacts the scheme administration and members, the Board has taken an active interest in the Programme. In addition to the regular updates provided at each Board meeting, the Board elected to submit a formal response to the consultation expressing the Board's preferred remedy option. In addition, a CSPB member is also a member of the 2015 Remedy Programme Board.

The Board continues to stress the importance of providing regular, timely and accurate communications about this programme to members. Whilst recognising that it is not the role of the CSPB to shape scheme policy changes, they remain engaged and responsive to the administrative implications the Remedy Programme presents.

**Overpayments:** Due to the nature of pension schemes, it is inevitable that overpayments will occur from time to time. This year the Board requested additional information on how overpayment recovery is dealt with in terms of the scheme's policy. This was in addition to the regular data they receive on overpayments made and recovered. The Board was reassured by the policy and that there are steps in place to assist members through this difficult process, in particular that a case-by-case approach is adopted. Scrutiny of the overpayments policy was initiated for two main reasons;

1. The Civil Service Pensioners' Alliance's desire to better understand the policy in order to assist pensioners who have been overpaid.
2. The appointment to the Board of the new Cabinet Office Chief Financial Officer who was interested in understanding the policy.

**Data protection and cyber- security:** The Board is of course very concerned with all aspects of member data protection and security. The Head of Commercial Information Assurance for the Cabinet Office is invited to attend a Board meeting annually. This is to provide assurance of the design and operational effectiveness of the security controls in place across the third party administrators engaged by the scheme. Security accreditation is an annual requirement, which consists of a continual cycle of testing and reviewing to ensure ISO standards are attained. The Board asked probing questions on the level and type of testing undertaken and were reassured by the answers provided.

**Employer and Member engagement:** The Board has taken a keen interest in how employers engage with members in promoting the scheme and how members perceive scheme communications. This year the Board commissioned additional work to understand the membership demographics in more detail. It was agreed that more work to fully understand the diverse membership of the scheme and their differing requirements would be valuable. As a result a working group has been set up to delve into this further with the aim to help shape future communication products and campaigns.

**The Pensions Regulator 121 - Relationship Supervision:** The first stage of the Regulator's new strategy was to select four big schemes to review, of which, CS Pensions was one. The regulator engaged with the scheme manager gathering information on the governance arrangements of the scheme and holding meetings to gain in-depth insight. When the Covid-19 pandemic hit, the work was not fully concluded and had to be paused. Earlier this year the Regulator re-engaged with the Scheme Manager to draw this work to a conclusion and the Board was influential in re-engaging with the Regulator. Further work has since been carried out to obtain an up-to-date position on scheme governance, including a meeting with the Board Chair. The Regulator also attended the March 2022 Board meeting.

[Link to information relationship supervision](#)

**Scheme Internal Audit:** The Board is informed and invited to comment on the internal audit strategy each year, ensuring that priority areas are targeted and reviewed. Nathen Paget, who is head of GIAA and a CSPB member, kept the Board well informed of audit findings, recommendations and progress towards the implementation of recommendations. GIAA carried out audits throughout the year and the Board received the outcome at the various meetings.

**COVID-19 Response:**

In addition, the Board was updated on COVID-19 impact on scheme activity and its third party pension administrators.

The Board received regular updates about the effects and impact of COVID-19 across all areas of the pension schemes, including:



- Adhering to government advice
- Business continuity effectiveness
- Staff wellbeing
- Services to members, call centre, case processing timing and changes
- Increase in case volumes for example bereavements

## **Board Effectiveness**

The Board discussed effectiveness and how to measure this and drafted a Board Effectiveness Framework that was agreed and implemented. This work was led by one of the non-executive members and covered:

- Roles and responsibilities of the board
- Membership- compliance with the Public Service Pensions Act 2013, Board diversity
- Governance- Remit of the board
- Behaviours- Board member performance, meeting attendance and engagement
- The Pensions Regulator's requirements
- Knowledge and skills including a skills matrix to be completed by all board members
- Stakeholder engagement

The next steps following the introduction of this framework is for all board members to complete the skills matrix. Once the skills forms have been analysed this will inform of any skills gaps within the board and help shape future training plans.

A quarterly meeting feedback form has also been introduced to monitor the effectiveness of each meeting in respect of management, participation, inputs and outputs.

## **Contacting the CSPB**

If you would like more information about the Civil Service Pension Board or have any queries on the content of this report please contact [cspboard@cabinetoffice.gov.uk](mailto:cspboard@cabinetoffice.gov.uk). The CSPB is unable to answer individual enquiries about pension matters - all such questions should be directed to the scheme administrator at: <https://www.civilservicepensionscheme.org.uk/contact-us/>

## **5. CSPB Membership**

The structure for Public Service pension boards such as the CSPB is set out in the Public Service Pensions Act 2013 and [The Public Service \(Civil Servants and Others\) Pensions Regulations 2014](#).

*The CSPB Membership is made up as follows:*

- Independent Non-Executive Chair - Margaret Edwards was appointed as the Chair of the Civil Service Pension Board (CSPB) from 1<sup>st</sup> October 2016 for a three year period, following an open and fair recruitment process. This appointment has been extended for a further three years up to September 2022.
- Four employer representatives, nominated by Government Departments as civil service employers – Cabinet Office, DEFRA, HMRC and the Valuation Office Agency.
- Four member representatives, nominated from the Trade Unions to ensure a broad representation of scheme membership – PCS, Prospect and FDA.
- Four non-executive members to bring private sector experience and wider pensions industry experience.
- Three Ex Officio Members from GIAA and the Cabinet Office

Three members' terms came to an end during the year, and the Board chair thanked them all for their commitment and contribution to the Board over the years.

Shrinivas Honal joined April 2021 as a non-executive board member, Nicola Bettsworth joined December 2021 as a new Employer representative and Nathan Paget joined July 2021 as ex-officio member to fill the vacancies.

A full list of Board members can be found at **Annex A** and their attendance at Board Meetings during 2021/22 can be found at **Annex B**.

The secretariat function is provided by the Cabinet Office to support the CSPB chair and board members in fulfilling their roles. Secretariat duties include:

- Arranging and managing the meetings of the CSPB and its working groups
- Preparing and commissioning papers for the CSPB meetings
- Drafting minutes and actions following meetings
- Drafting board policies and reports
- Keeping board records up to date in respect of conflict of interests management, knowledge and understanding, training, board membership, board effectiveness
- Arranging induction and annual training events

## **6. CSPB 2022/23 Focus**

Looking ahead to next year, the CSPB will be carrying on business as usual, playing an active role in the 2015 Remedy Programme, the Future Services Programme, the Pensions Dashboard preparatory work and Member and Employer engagement.

The Board is also exploring the value of aligning more with the Scheme Advisory Board (SAB). The CSPB chair is a SAB member so has an overview of both of these statutory boards.

## Annex A – Civil Service Pension Board – Membership during 2021/22.

<b>1.</b>	Margaret Edwards	Non-Executive Independent Chair
<b>2.</b>	Karen Watts	Member nominee – PCS
<b>3.</b>	David Howdon	Member nominee – FDA
<b>4.</b>	Lorna Merry	Member nominee – PCS
<b>5.</b>	Jayne Beeslee	Member nominee – Prospect
<b>6.</b>	Nicola Bettsworth	Employer nominee, DEFRA - joined December 2021
<b>7.</b>	Rich Hornby	Employer nominee- Rich is Chief Financial Officer for the Cabinet Office
<b>8.</b>	Jonathan Russell	Employer nominee, Valuation Office Agency
<b>9.</b>	Rob Woodstock	Employer nominee-HMRC.
<b>10.</b>	Tony Clare	Non-Executive Member
<b>11.</b>	Sir Adrian Johns	Non-Executive Member
<b>12.</b>	Lesley Davie	Non-Executive Member
<b>13.</b>	Nathen Paget	GIAA – Ex Officio Member, joined July 2021
<b>14.</b>	Shrinivas Honal	Non-Executive Member, joined April 2021
<b>15.</b>	Dominic Arthur	CO -Ex Officio Member

## Annex B – Civil Service Pension Board – Attendance at quarterly Board Meetings during 2021/22.

Year	2021	2021	2021	2022
Members	June	Sept	Dec	March
Margaret Edwards - Chair	√	√	√	√
David Howdon – Member representative	√	√	√	√
Lorna Merry - Member representative	x	x	√	√
Karen Watts - Member representative	√	√	√	√
Jayne Beeslee - Member representative	√	√	√	√
Nicola Bettsworth - Employer representative	n/a	n/a	n/a	√
Jonathan Russell - Employer representative	√	x	x	√
Rob Woodstock - Employer representative	√	x	√	√
Rich Hornby - Employer representative	x	√	√	x
Shrinivas Honal - Non-executive member	√	√	x	√
Tony Clare - Non-executive member	√	√	√	√
Lesley Davie - Non-executive member	√	√	√	√
Sir Adrian Johns - Non-executive member	√	√	√	√
Nathen Paget - Ex-Officio member	n/a	√	√	√
Dominic Arthur - Ex-Officio member	√	√	√	√