



Pensions Fund Committee

A meeting of the Pensions Fund Committee will be held at the Jeffrey Room, The Guildhall, St Giles Street, Northampton, NN1 1DE on Wednesday 28 June 2023 at 4.00 pm

Agenda

1.	Apologies for Absence and Notification of Substitute Members
2.	Declarations of Interest Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.
3.	Minutes (Pages 5 - 10) To confirm the Minutes of the meeting of the Committee held on 29 March 2023.
4.	Chair's Announcements To receive communications from the Chair.
5.	Administration Report (Pages 11 - 26)
6.	Business Plan Update (Pages 27 - 44)
7.	Governance and Compliance Report (Pages 45 - 58)
8.	Employers Admissions and Cessations (Pages 59 - 66)
9.	Cash Management Strategy (Pages 67 - 84)

10.	Northamptonshire Pension Fund Forward Agenda Plan (Pages 85 - 88)
11.	<p>Exclusion of Press and Public</p> <p>The following report(s) contain exempt information as defined in the following paragraph(s) of Part 1, Schedule 12A of Local Government Act 1972.</p> <p>Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information).</p> <p>Members are reminded that whilst the following item(s) have been marked as exempt, it is for the meeting to decide whether or not to consider each of them in private or in public. In making the decision, members should balance the interests of individuals or the Council itself in having access to the information. In considering their discretion members should also be mindful of the advice of Council Officers.</p> <p>Should Members decide not to make a decision in public, they are recommended to resolve as follows:</p> <p>“That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item(s) of business on the grounds that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part I, Paragraph(s) XXXXX would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”</p>
12.	Private minutes of the Pension Fund Committee 29 March 2023 (Pages 89 - 92)
13.	Risk Monitoring (Pages 93 - 124)
14.	ACCESS Update (Pages 125 - 134)
15.	<p>Urgent Business</p> <p>The Chairman to advise whether they have agreed to any items of urgent business being admitted to the agenda.</p>

Pensions Fund Committee Members:

Councillor Malcolm Longley (Chair)

Councillor Charles Morton (Vice-Chair)

Councillor Phil Bignell

Councillor Lloyd Bunday

Councillor Janice Duffy

Councillor Jamie Lane

Councillor Graham Lawman

Councillor Peter Matten

Councillor Cathrine Russell

Robert Austin

Peter Borley-Cox

Paul Wheeler

Andy Langford

Information about this Agenda

Apologies for Absence

Apologies for absence and the appointment of substitute Members should be notified to democraticservices@westnorthants.gov.uk prior to the start of the meeting.

Declarations of Interest

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item

Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates

Members are reminded that any member who is two months in arrears with Council Tax must declare that fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

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If you have any queries about this agenda please contact Maisie McInnes via the following:

Tel:

Email: democraticservices@westnorthants.gov.uk

Or by writing to:

West Northamptonshire Council
One Angel Square
Angel Street
Northampton
NN1 1ED



Pensions Fund Committee

Minutes of a meeting of the Pensions Fund Committee held at The Court Room, The Guildhall, Northampton, NN1 1DE on Wednesday 29 March 2023 at 4.00 pm.

Present:

Councillor Malcolm Longley (Chair)
 Councillor Charles Morton (Vice-Chair)
 Councillor Phil Bignell
 Councillor Lloyd Bunday
 Councillor Paul Joyce
 Councillor Jamie Lane
 Councillor Graham Lawman
 Councillor Peter Matten
 Peter Borley-Cox
 Andy Langford

Also Present:

Peter Gent, Senior Investment Consultant, Mercer
 Chris West, Investment Consultant, Mercer
 Douglas Green FFA, Hymans Robertson

Officers:

Michelle Oakensen
 Cory Blose
 Mark Whitby, Head of Pensions
 James Smith, Assistant Director - Finance (Strategy)
 Mark Whitby, Head of Pensions
 David Crum, Independent Advisor
 Michelle Oakensen, Governance and Regulations Manager
 Sharon Grimshaw, Communications Officer
 Cory Blose, Employer Services and Communications Manager
 Marina Watkins, Democratic Services Officer

Apologies for Absence:

Councillor Cathrine Russell

135. **Declarations of Interest**

Peter Borley-Cox declared a personal interest as members of LGPS.
 Councillor Graham Lawman disclosed a pecuniary interest as his wife is a deferred member of LGPS. He also declared a personal interest as a member of Wellingborough Town Council and a member of the board for St Christopher Hatton Academy, Oakway Academy, Ecton Village Academy, Victoria Primary Academy and Croyland Academy.

136. **Minutes**

RESOLVED:

That the minutes of the Pensions Fund Committee of 12 December 2022 be approved and signed as a correct record.

137. **Administration Report**

At the Chair's invitation, Michelle Oakensen, Governance and Regulations Manager presented the Administration report.

The Committee was advised that a non-material breach had taken place where 197 notification letters were not issued within the statutory 2 month deadline. The letters had been sent out in early February and the issue has been resolved.

In response to questions regarding the target to respond to 80% of requests for an estimate of benefits within 10 working days, Mark Whitby, Head of Pensions advised that Key Performance Indicators could be revised if deemed necessary. High priority estimates were prioritised for estimates.

RESOLVED:

That the Pension Committee:

- 1) approves the proposed development of Key Performance Indicators during 2023/2024 (section 5.1.2)
- 2) notes the contents of the report.

138. **Governance and Compliance Report**

Michelle Oakensen, Governance and Regulations Manager outlined the report. The Government had advised of a project reset regarding the dashboard programme. Further clarification was being awaited and the Committee would be kept updated on the situation.

The Committee was assured that recent changes to transfer guidance had been made as required.

The LGPS online learning platform was almost ready and it was hoped that it would be available from 12 April 2023.

In response to a question regarding the deferred connection guidance, it was noted that there would be a need to review the situation once there was more certainty on dates.

RESOLVED:

That the Pension Fund Committee:

- 1) notes the Governance and Compliance Report

2) approves the Training Strategy amendment to reflect the current core mandatory training approach (section 5.7)

139. **Annual Business Plan and Medium-Term Strategy**

Mark Whitby, Head of Pensions outlined the report regarding the annual business plan and medium term strategy. The climate action plan for 2023/4 had been updated and expanded upon from the previous version.

Recommendation 3 referred to a request to move to a three year review cycle of strategies and policies. Should changes be required outside this timeframe, then the items would be submitted to Committee for approval. The intention would be to stagger the timeframes so that they were not all submitted to Committee at the same time.

Recommendation 4 requested appropriate delegations in order to progress procurements. The Committee queried whether it would be advisable to set a financial limit after which consultation should take place with the Committee Chair. The Head of Pensions advised that any contracts would always be discussed with the Section 151 officer.

The Chair suggested that a £100k limit could be imposed, upon which the Head of Pensions should discuss the outcome of the procurement with the Chair and Section 151 Officer or his Deputy.

In response to a questions, Douglas Green FFA, Hymans Robertson advised that being cashflow negative was not such an issue as long as there was awareness.

The contract for mortality and address screening services is due to expire in June 2023. . The intention is to continue with the current arrangements for a year and allow for further investigation into alternatives.

The Committee agreed the recommendations within the report, subject to changes to recommendation 4 whereby the Committee agreed that contracts over £100k were subject to consultation with the Committee Chair and the Section 151 Officer (or deputy). The decisions would be referred to Committee in the case of any issues.

RESOLVED:

That the Pension Committee:

1) notes the status of the 2022/23 business plan activities and current financial position (section 5.1)

2) approves the contents of the Business Plan and Strategy 2023/24 (see section 5.2)

3) a) approves a change in the Committee review cycle for Fund Strategies and Policies to a standardised 3-year review cycle (or as and when required should Regulations or other factors necessitate an earlier review of the Fund Strategy or Policy) (see section 5.3)

b) delegates to the Head of Pensions the approval of non-material amendments to Fund Strategies and Policies between triennial reviews (see section 5.3)

4) approves the delegation for the Head of Pensions to progress the procurements within the Business Plan and award contracts to the successful suppliers up to a

value of £100k. Contracts above this amount would be subject to consultation with the Chair of the Pensions Committee and the Section 151 Officer (or Deputy) (see section 5.4)

140. **Overpayment of Pension Entitlement Policy**

Michelle Oakensen, Governance and Regulations Manager outlined the report. The fundamental aspects of the policy remained unchanged, though the review had identified a need to include lump sum overpayments in order to provide clarity.

The Policy would now be reviewed and approved on a three year rolling programme along with other strategies and policies, in line with the committee's earlier decision.

RESOLVED:

The Pension Fund Committee is asked to approve the Overpayment of Pension Entitlement Policy.

141. **Communication Strategy and Plan**

Sharon Grimshaw, Communications Officer outlined the report and detailed the communications strategy, communications plan and the website review project for 2023.

In response to questions regarding how the number of online users could be increased, it was stated that personal emails were requested from employees before they retired. The number of online users of the scheme was relatively good in comparison to other funds.

It was noted that some people had no internet access or did not make use of it. The committee was assured that this group of people would not be excluded from communications and that communication by letter would always be made available.

RESOLVED:

That the Pension Committee:

a) approves the Communication Strategy (see section 5.1)

b) approves the Communication Plan (see section 5.2)

c) notes the work being undertaken on the website development review (see section 5.3)

142. **Employers Admissions and Cessations**

Cory Blöse, Employer Services and Communications Manager outlined the report which detailed two employers ceasing participation in the Northamptonshire Pension Fund.

RESOLVED:

That the Pension Committee:

a) Notes the exit of the following bodies from the Northamptonshire Pension Fund:

- ABM Catering Limited (Innovate MAT)
- The Complementary Education Academy Limited

b) Notes the update on previously reported cessations cases.

143. **Northamptonshire Pension Fund Forward Agenda Plan**

Michelle Oakensen, Governance and Regulations Manager outlined the Pension Fund Forward Agenda Plan.

RESOLVED:

That the Northamptonshire Pension Fund Forward Agenda Plan be noted.

144. **Exclusion of Press and Public**

The Chair moved that the remainder of the meeting be held in private:

That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item(s) of business on the grounds that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part I, Paragraph(s) 3 would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

RESOLVED: Members agreed that the public and press were excluded from the remainder of the meeting and the Investment Sub-Committee moved into private session.

145. **Private Minutes**

146. **Valuation Update**

147. **Investment Strategy Review**

148. **ACCESS Update**

149. **Urgent Business**

The meeting closed at Time Not Specified

Chair: _____

Date: _____



West Northamptonshire Council

Pension Fund Committee

28/06/2023

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund – Administration Performance Report
Report Author	Michelle Oakensen Governance and Regulations Manager michelle.oakensen@westnorthants.gov.uk

Contributors/Checkers/Approvers

MO	Sarah Hall on behalf of Catherine Whitehead	8/6/2023
S151	James Smith on behalf of Martin Henry	5/6/2023
Head of Pensions	Mark Whitby	25/5/2023

List of Appendices

- Appendix A Performance against key performance indicators
- Appendix B Timeliness of receipt of employee and employer pension contributions
- Appendix C Late payment of employer contributions (exempt)
- Appendix D Data Improvement Plan

1. Purpose of Report

- 1.1. To present to the Pension Fund Committee a report on the administrative performance of the Northamptonshire Pension Fund.

2. Executive Summary

- 2.1 This report sets out the performance of the Northamptonshire Pension Fund on the following areas of administration:
 - 2.1.1 The achievement against the Key Performance Indicators for the period 1 February to 30 April 2023 (section 6.1.1 & appendix A). The majority of KPIs were met over the period.
 - 2.1.2 Progress on the development of the Pension Service Key Performance Indicators (section 6.1.2)

- 2.1.3 Timeliness of receipt of employee and employer pension contributions for the payroll periods of April 2022 to March 2023 (section 6.2 & appendix B). 100% of payments were received on time, with the exception of March 2023.
- 2.1.4 Occurrences of breaches of the law for the period 1 February to 30 April 2023 (section 6.3). There were no material breaches in the period.
- 2.1.5 Details of any Internal Dispute Resolution Procedure cases during the period 1 February to 30 April 2023 (section 6.4). There were no new employer authority disputes raised.
- 2.1.6 Details of the Data Improvement Plan for the 2023/24 year (section 6.5 & appendix D). Three key areas have been identified
- 2.1.7 Occurrences of material data breaches for the period of 1 February to 30 April 2023 (section 6.6). There were no material data breaches in the period.
- 2.1.8 Details of any significant overpayment of pension for the period 1 February to 30 April 2023 (section 6.7). There were no significant overpayments in the period.

3. Recommendation

- 3.1 The Pension Committee is asked to note the contents of the report.

4. Reasons for Recommendation

- To ensure adequate oversight of the administrative performance of the Northamptonshire Pension Fund.
- To ensure good governance and compliance with the Local Government Pension Scheme Regulations and other relevant legislation and guidance.

5. Report Background

- 5.1 Pursuant to s101 of the Local Government Act 1972 and the Council's Constitution section 4.8 Para 1.1 the Pension Fund Committee's remit includes responsibility for dealing with all matters relating to the Northamptonshire Pension Fund Local Government Pension Scheme.
- 5.2 One of the core functions of the Pension Fund Committee is to ensure the effective and efficient governance and administration of the Northamptonshire Pension Fund. This report demonstrates a number of key areas of administration performance for consideration by the Pension Committee.

6. Issues and Choices

6.1 Key Performance Indicators

6.1.1 Pension Service performance against Key Performance Indicators

- 6.1.1.1 The Pension Committee has in place a set of key performance indicators (KPIs) to assess the performance of the Pensions Service in the delivery of key items of casework. The actual performance against these KPIs for the period 1 February to 30 April 2023 can be found in appendix A along with the explanations for any underperformance.
- 6.1.1.2 Over the 3-month period, service performance has been consistently good with all targets being met, with the exception of five.
- 6.1.1.3 In March and April targets were missed (red for March and amber for April) for the payment of benefits from active employment due to inexperience within the team and additional training required, as newer members become more experienced the performance in this area will improve. In addition, there was also a period of long-term sickness. Targets were also missed (2 amber) for providing a transfer in quote and for the payment of a transfer out due to training issues within the team and reduced checking capacity due to sickness and annual leave.

6.1.1.4 In April a target was missed for the payment of benefits from deferred membership status (amber) due to the same inexperience and long-term sickness issue. In addition, there was an error on some case review dates following closedown activities which also impacted the team.

6.1.2 Development of the Pension Service Key Performance Indicators

6.1.2.1 New and supplementary KPIs are being developed during 2023-24 to measure the overall customer journey as approved by the Committee in March.

6.1.2.2 Development of the new and supplementary KPIs is underway, from June these will enter a period of testing before being reported to the Committee and Board.

6.2 Receipt of employee and employer contributions

6.2.1 Scheme employers have a statutory obligation to arrange for the correct deduction of employee and employer contributions and to ensure payment reaches the Pension Fund by the 19th of the month following the month of deduction. Providing an associated monthly statement/schedule in an acceptable format.

6.2.2 The table in appendix B shows the percentage of employers in the Northamptonshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late for the payroll periods 1 April 2022 to 31 March 2023.

6.2.3 In January and February 2023 100% of payments were received on time, in March 2023 99.4% of payments were received on time. The current yearly average for payments made on time is 99.9% and schedules being received on time is 99.8%.

6.2.4 Details of any late payments can be found in appendix C.

6.3 Breaches of the Law

6.3.1 There are many laws relating to the Local Government Pension Scheme, with various individuals, including the Pension Committee and Local Pension Board both (collectively and as individuals) having a statutory duty to report material breaches of those laws to the Regulator. The Northamptonshire Pension Fund maintains a record of both material breaches that are reported to the Pensions Regulator as well breaches that are deemed not to be of material significance and so are not reported to the Pensions Regulator.

6.3.2 For the period 1 February to 30 April 2023 having regard to the above, the following breaches of the law occurred.

Type of breach	Detail of breach	Course of action
Material	None	None
Non-material	9 refund of contribution payments were paid outside of the statutory 5-year period.	No further action at this stage, it is likely that the legislation surrounding this will be amended to remove the 5-year requirement.

6.4 Internal Dispute Resolution Procedure cases

6.4.1 Members, prospective members, and beneficiaries may not always agree with pension decisions that are made or may be unhappy that decisions have not been made, by either an administering authority or a scheme employer. The Internal Dispute Resolution Procedure (IDRP) is the route by which they may raise their concerns and challenge such decisions.

6.4.2 The following tables detail that activity undertaken during the period 1 February to 30 April 2023 with regards to administering authority disputes.

6.4.3 Stage 1 disputes:

Nature of Stage 1 Dispute (Head of Pensions)	Date Received	Date Decision Due	Decision: Upheld/not upheld/partially upheld	Date of Decision
Refusal to allow a transfer of AVC fund to an alternative provider	31 March 2023	13 June 2023 (extended from 30 May 2023)	Partially upheld	13 June 2023
Claim of maladministration in paying pension and AVCs	15 December 2023	14 February 2023	Upheld	10 February 2023

6.4.4 Stage 2 disputes:

Nature of Stage 2 Dispute (WNC Monitoring Officer)	Date Received	Date Decision Due	Decision: Upheld/not upheld/partially upheld	Date of Decision
Disputing recipients of death grants paid.	16 March 2023	14 July 2023 (extended from 15 May)		
Disputing NCC's refusal to pay ill health pension on ill health grounds.	10 March 2023	23 June 2023 (extended from 9 May)		
Claim of maladministration in paying pension and AVCs (relating to the Stage 1 decision made on 10 February 2023)	21 March 2023	20 May 2023	Upheld Stage 1 appeal	18 May 2023

6.4.5 In the period 1 February to 30 April 2023 no new employing authority disputes were raised and/or responded.

6.5 Data Improvement Plan

6.5.1 The Pensions Regulator requires every pension scheme to have a Data Improvement Policy and a Data Improvement Plan. The Fund's Data Improvement Plan was last reviewed and approved by the Pension Committee in July 2022. The Data Improvement Plan is updated each year accordingly. The revised plan for 2023/24 can be found in appendix D.

6.5.2 For a number of years, the Pensions Regulator has asked pension schemes to score their quality of data. It should be noted that the Pensions Regulator has not issued specific guidance on this other than what type of data should be scored. As such each pension scheme is likely to score their data differently. An analysis of the data quality scores across all pension

schemes has yet to be produced from the data provided annually in the Pension Regulator’s mandatory scheme return.

6.5.3 In April 2023, an analysis of the Fund’s common data was undertaken which provided the following scores. Common data is largely the personal details of the scheme member (name, national insurance number, address, date joined and/or left scheme). The Pensions Regulator expects pension schemes to have a score of at least 95% in this area.

6.5.4 The approach to increasing the Fund’s score is detailed in the Data Improvement Plan which can be located in appendix D.

2023		2022	
Common Data	Conditional Data	Common Data	Conditional Data
93.9%	To be updated in November 2023 once all 2022/23 year end activities have been completed.	95%	95%

6.5.5 Conditional data is the data required to calculate the scheme member’s pension entitlement. The score for this area will be calculated in November 2023 once all the 2022/23 year end activities such as pensions increase, annual allowance and year end reconciliations have been conducted.

6.6 Material Data Breaches

6.6.1 None.

6.7 Significant overpayments of pension

6.6.1 None.

7 Implications (including financial implications)

7.1 Resources and Financial

7.1.1 Aon conducted the Key Performance Indicator review.

7.2 Legal

7.2.1 There are no legal implications arising from the proposals, as it is the view of Officers having taken into account all relevant legislation/regulation that the breaches reported in section 5.3.2 would not constitute a material breach and for the purpose of reporting to the Pension Regulator.

7.3 Risk

7.3.1 The mitigated risks associated with this report have been captured in the Fund’s risk register as detailed below -

Risk	Residual risk rating
Information may not be provided to stakeholders as required.	Green
Those charged with governance are unable to fulfil their responsibilities effectively	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

The Fund's full risk register can be found on the Fund's website at the following link:

[Northamptonshire Risk Register](#)

7.4 Relevant Pension Fund Objectives

7.4.1 The following objectives as per the Business Plan have been considered in this report -

- To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
- To continually monitor and measure clearly articulated objectives through business planning.
- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- To put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary.
- To administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.

7.5 Consultation

7.5.1 Not applicable. The Administration Report is a best practice report to ensure the Fund is managed appropriately and transparently.

Appendix A - Key Performance Indicators – February, March & April 2023

Function/Task	Indicator	Target	Month	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Notify leavers of deferred benefit entitlement.	Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information.	90%	February	155	149	6	96	Green	SLA target met
			March	189	189	0	100	Green	SLA target met
			April	181	178	3	98	Green	SLA target met
Payment of retirement benefits from active employment.	Notify employees retiring from active membership of benefits award, from date payable or date of receiving all necessary information if later within 5 working days.	95%	February	18	18	0	100	Green	SLA target met
			March	17	14	3	82	Red	SLA target not met*
			April	40	36	4	90	Amber	SLA target not met*
Payment of pension benefits from deferred membership status.	Notify members retiring from deferred membership status of benefits award, from date payable or date of receiving all necessary information if later within 10 working days.	90%	February	44	41	3	93	Green	SLA target met
			March	43	37	6	86	Amber	SLA target not met**
			April	50	47	3	94	Green	SLA target met
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	February	20	19	1	95	Green	SLA target met
			March	28	28	0	100	Green	SLA target met
			April	26	25	1	96	Green	SLA target met
Provide a maximum of one estimate of benefits to employees per request.	Estimate in agreed format provided within 10 working days from receipt of all information.	80%	February	38	33	5	87	Green	SLA target met
			March	63	61	2	97	Green	SLA target met
			April	47	44	3	94	Green	SLA target met

Appendix A - Key Performance Indicators – February, March & April 2023

Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	February March April	28 45 15	27 45 13	1 0 2	96 100 87	Green Green Amber	SLA target met SLA target met SLA target not met***
Payment of transfer out.	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	February March April	20 15 2	19 13 2	1 2 0	95 87 100	Green Amber Green	SLA target met SLA target not met*** SLA target met

* Payment of retirement benefits from active employment – targets missed in March and April due to inexperience within the team and additional training required, this will resolve as newer members become more experienced. There was also a period of long-term sick on the team for the period and in April there was an error on some case review dates following closedown activities which also contributed to the missed target.

** Payment of pension benefits from deferred membership status – target missed in March due to inexperience within the team and additional training required, this will resolve as the new members become more experienced. In addition, there was one member of the team on long term sick.

***Provide transfer-in quote to scheme member/payment of a transfer out – targets missed for March and April due to training issues within the team and reduced checking capacity due to sickness and annual leave.

Green: Equal to or above Service Level Agreement (SLA) target.

Amber: If there is a statutory target - below SLA target, but all within statutory target.
If there is no statutory target - below SLA target, but number completed within target is within 10% of the SLA target.

Red: If there is a statutory target - below SLA target and not within statutory target.
If there is no statutory target - below SLA target and number completed within target is not within 10% of the SLA target.

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Appendix B – Timeliness of payment of scheme employer and member pension contributions

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
April 2022	100	0	100	0
May 2022	100	0	99.7	0.3
June 2022	100	0	99.4	0.6*
July 2022	100	0	99.8	0.2
August 2022	100	0	100	0
September 2022	100	0	100	0
October 2022	100	0	99.5	0.5
November 2022	100	0	99.8	0.2
December 2022	100	0	100	0
January 2023	100	0	99.5	0.5
February 2023	100	0	99.5	0.5
March 2023	99.4	0.6	100	0
Average for period	99.9	0.1	99.8	0.2

*Schedules (2) were received on time but could not be reconciled.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Data Improvement Plan 2023/24 – Northamptonshire Pension Fund

	Area of Improvement	Risk	Action	Number of affected records	Resolution timescale	Resource required
1	Common data. (Basic details about the scheme member such as date of birth, national insurance number, address).	If basic personal details such as date of birth are incorrect benefit entitlement may be calculated incorrectly which may adversely impact the scheme member, scheme employer or Fund. If a correct home address is not held scheme members may also not receive important communications about their benefits.	Most of the scheme’s common data fails are missing or incorrect addresses so the focus will be on this area. Ensuring that all returned items of post are followed up by using the Fund’s address tracing service to obtain the correct address for the scheme member. Ensuring all personalised (non-bulk) communications where no address is held on the record for the individual are traced through the Fund’s address tracing service. <i>(In the past it has not proved to be cost or time effective to conduct large scale bulk address tracing exercises).</i>	Approx. 3,800	Ongoing	All Officers within the Pensions Service (BAU activity)
2	Guaranteed Minimum Pension (GMP) rectification. (Address the inaccuracies of contracting-out data held by HMRC compared with what is held by the Fund).	Inaccurate GMP data can lead to a miscalculation of individual pension liabilities and future annual increases which may adversely impact the scheme member, scheme employer or Fund.	Pensions in payment that have been identified as having differing amounts of GMP when compared with HMRC now require recalculation. Both over and underpayments will be identified. Pensions will need to be paid at the revised correct rate with any overpayments solely relating to GMP being written off and any underpayments being paid to the member with interest.	989	31 March 2024	Officers from the Projects Team

	Area of Improvement	Risk	Action	Number of affected records	Resolution timescale	Resource required
3	<p>Unprocessed leaver records (backlog) The Fund has a number of records where a member has left a period of pensionable employment, is not entitled to immediate payment of pension benefits, but is entitled to either a refund of contributions, aggregation with another period of pensionable membership and/or a deferred pension award.</p>	<p>These cases need to be resolved to ensure that members receive timely information on the benefits that they are entitled to. A significant number of these records are in progress for a variety of reasons, including outstanding information required from the employer. Any case which is older than 6 months since the point of notification is classed as a backlog and reported through this business plan activity.</p>	<p>To reduce the backlog by 2,500 cases per year via both manual and bulk processing.</p>	8,300	September 2025	Officers from the Projects Team



West Northamptonshire Council

Pension Fund Committee

28 June 2023

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund Business Plan and Medium-Term Strategy Business Plan Update report
Report Author	Michelle Oakensen Governance and Regulations Manager michelle.oakensen@westnorthants.gov.uk

Contributors/Checkers/Approvers

MO	Sarah Hall on behalf of Catherine Whitehead	8/6/2023
S151	James Smith on behalf of Martin Henry	5/6/2023
Head of Pensions	Mark Whitby	23/5/2023

List of Appendices

Appendix A –Variances against the forecast of investments and administration expenses based on original setting of assumptions.

Appendix B – Cyber activity action plan.

1. Purpose of Report

1.1 Good governance requires that updates to the pre-agreed Annual Business Plan and Medium-Term Strategy are provided to the Committee on a regular basis. This update highlights the progress made on the key activities for the period.

2. Executive Summary

2.1 The Northamptonshire Pension Fund have for many years considered it good governance to have in place a Business Plan and Medium-Term Strategy that is agreed annually and regularly monitored by the Committee.

2.2 The report summarises the progress made on each activity for the period under review.

2.3 Section 6 of this report provides a progress update for each business plan activity. The table below provides an overview of the RAG status of each activity.

Paragraph	Activity	RAG status
6.1	Re-tender for benefits and governance consultancy services	Green
6.2	Re-tender for actuarial consultancy services	Green
6.3	Re-tender for legal services provider	Green
6.4	Re-tender for pensions administration and pensioner payroll platform	Green
6.5	Address and mortality screening Services	Green
6.6	Review and implement changes required from the Pension Regulator's new Code of Practice	Green
6.7	Continue to review cyber resilience	Green
6.8	Implement the best practice recommendations of the good governance review	Green
6.9	Review the administrative performance of the Fund's additional voluntary contribution providers	Green
6.10	Complete the Guaranteed Minimum Pension Rectification	Green
6.11	Application of the McCloud age discrimination remedy	Green
6.12	Prepare for the implementation of Pension Dashboards	Green
6.13	Processing of undecided leaver records	Amber
6.14	Continue development of the ACCESS asset pool	Amber
6.15	Continue activities within the Fund's Climate Action Plan	Green
6.16	Implement the revised Investment Strategy	Green
6.17	Implement recommendations from the review of the website and digital communications.	Green

2.4 The tables in appendix A provide an update of the Fund account, investment and administration income and expenditure against the cash flow projection outlined in the Annual Business Plan as agreed by the Pension Committee in March 2023. There are no material variances identified.

2.5 The link to the full Business Plan approved by the Committee in March 2023 is provided in section 7 for full context and reference.

3. Recommendation

3.1 The Pension Fund Committee is asked to note the Business Plan Update.

4. Reasons for Recommendation

- To ensure adequate oversight of the key activities of the Northamptonshire Pension Fund.
- To ensure good governance and compliance with the Local Government Pension Scheme Regulations and other relevant legislation and guidance.

5. Report Background

5.1 The Pension Committee approved the Business Plan and Medium-Term Strategy 2023/24 on 29 March 2023.

6. Issues and Choices

An update on the issues associated with the following items is set out below:

Progress against business plan activities

Procurement of Services

6.1 Re-tender for benefits and governance consultancy services

6.1.1 Activity: To re-tender for the supplier of benefits and governance consultancy services currently with Aon due to expire 31 March 2024.

6.1.2 Key milestones:

Key Milestones	Dates	On target for completion?
Register to access national LGPS Frameworks.	May 2023.	Completed.
Draft specification of services required an associated documentation.	June – July 2023.	On target.
Issue invitation to tender to suppliers on the Framework.	September 2023.	On target.
Evaluate tender responses.	October - November 2023.	On target.
Award contract.	January 2024.	On target.

6.1.3 Update: Officers have registered to access the national LGPS Framework and have all documentation to start preparing for the tender process.

6.2 Re-tender for actuarial consultancy services

6.2.1 Activity: To re-tender for the supplier of actuarial services currently with Hymans Robertson due to expire 31 March 2024.

6.2.2 Key milestones:

Key Milestones	Dates	On target for completion?
Register to access national LGPS Frameworks.	May 2023.	Completed.
Draft specification of services required and associated documentation.	June – July 2023.	On target.
Issue invitation to tender to suppliers on the Framework.	September 2023.	On target.
Evaluate Tender responses.	October – November 2023.	On target.
Award Contract.	January 2024.	On target.

6.2.3 Update: Officers have registered to access the national LGPS Frameworks and have all documentation to start preparing for the tender process.

6.3 Re-tender for legal services provider

6.3.1 Activity: To re-tender for the supplier of legal services currently with Squire Patten Boggs due to expire 31 March 2024.

6.3.2 Key milestones:

Key Milestones	Dates	On target for completion?
Register to access national LGPS Frameworks.	July 2023.	Completed.
Draft specification of services required an associated documentation.	July – August 2023.	On target.
Issue invitation to tender to suppliers on the Framework.	September 2023.	On target.
Evaluate tender responses.	October - November 2023.	On target.
Award contract.	December 2023.	On target.

6.3.3 Update: Officers have registered to access the national LGPS Frameworks and have all documentation to start preparing for the tender process.

6.4 Re-tender for pensions administration and pensioner payroll platform

6.4.1 Activity: To re-tender for pensions administration and pensioner payroll platform currently with Heywood that is due to cease in September 2024.

6.4.2 Key milestones:

Key Milestones	Dates	On target for completion?
Invitation to Further Competition exercise using National LGPS Frameworks.	April - June 2023.	On target.
Evaluation and award.	July - September 2023.	On target.
Year 0 transitional period.	October 2023 - September 2024.	On target.
Go Live.	1 October 2024.	On target.

6.4.3 Update: Invitation to further competition was published 24 April 2023 with a closing date for responses of 19 June 2023.

6.5 Review address and mortality screening services

6.5.1 Activity: The current contract for address tracing and mortality screening ceases in June 2023 with no ability to extend.

Options are being considered as to the delivery of these services from June 2023 onwards.

6.5.2 Key milestones:

Key Milestones	Dates	On target for completion?
Develop a contract to enable the continuation of services past June 2023 (with the assistance of legal services).	April - May 2023.	On target.
Key Milestones	Dates	On target for completion?
Both parties to sign up to new contract on existing terms.	May 2023.	On target.

Review new LGPS Framework offerings and internal Fraud Hub options.	December 2023.	On target.
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6.5.3 Update: Accurate Data Services have agreed to enter into a new short-term contract on existing terms for a period of 12 months. This will allow time to review the LGPS National Framework due for release in December 2023 and to review the Government Fraud Hub. Further milestones will be added once a decision has been made in December as to which long term route to take.

Core governance activities

6.6 Review and implement changes required from the Pension Regulator’s new Code of Practice

6.6.1 Activity: In March 2021 the Pensions Regulator launched a consultation on its revised code of practice for the pensions industry. The responses to the consultation have taken the Pensions Regulator longer than expected to digest and as such the new code of practice was expected to come into force early 2023. Once the code of practice is in force, the Fund will have six months to achieve full compliance with its contents.

6.6.2 Key milestones:

Key Milestones	Dates	On target for completion?
Develop an action plan of changes required on launch of code of practice.	TBC.	Awaiting release of the Code.
Present action plan to the Pension Fund Committee and Pension Board.	TBC.	Awaiting release of the Code.
Present update on progress on action plan to the Pension Fund Committee and Pension Board.	TBC.	Awaiting release of the Code.

6.6.3 Update: The singular Code of Practice was due to be released by the Pensions Regulator in April 2023, but it did not materialise at this time. Once the Code is released funds will have 6 months to become fully compliant and an action plan will be developed to ensure this is achieved.

6.7 Continue to review cyber resilience

6.7.1 Activity: Cyber-crime will continue to evolve and become increasingly sophisticated and as such this area will be regularly reviewed and monitored. The cyber action plan will be updated as and when necessary.

6.7.2 Key milestones

Key Milestones	Dates	On target for completion?
Ongoing monitoring and development of the cyber strategy and action plan via the Business Plan Updates at each meeting of the Pension Committee and Pension Board.	April 2023 – March 2024.	On target.

6.7.3 Update: Work is continuing on our lower risk suppliers and information will be brought to the Committee at a later meeting date. Cyber security features as part of our ongoing risk monitoring process to capture any changes in approach that may be required.

The cyber activity action plan can be found in appendix B (exempt).

6.8 Implement the best practice recommendations of the good governance review

6.8.1 Activity: Following consultation with LGPS stakeholders, in February 2021, a number of recommendations for improvement were identified. Some would require the input of DLUHC to amend scheme regulations and publish statutory guidance, others by SAB and others for Funds to implement as best practice. The standards are due to be issued in 2023.

6.8.2 Key milestones:

Key Milestones	Dates	On target for completion?
Develop an action plan to implement the best practice activities.	TBC.	Awaiting release of the standards.
Present update on progress on action plan to the Pension Fund Committee and Pension Board.	TBC.	Awaiting release of the standards.
Implementation of activities requiring SAB and DLUHC guidance.	TBC.	Awaiting release of the standards.

6.8.3 Update: No activity to report for this period.

6.9 Review the administrative performance of the Fund’s additional voluntary contribution providers

6.9.1 Activity: The administrative performance of Prudential began to deteriorate in mid-2020 and in February 2022, Prudential’s performance had still not improved. Aon was commissioned to undertake a further review of both Standard Life and Prudential’s administrative performance in October 2022.

The decision was to review again in a further 12 months and to include investment performance.

6.9.2 Key milestones:

Key Milestones	Dates	On target for completion?
Present to the Pension Committee the findings of the independent review alongside any recommendations for action (the timing of this will depend on the co-operation of the AVC providers in providing the necessary information for analysis by Aon.	October 2023.	On target.

6.9.3 Update: Officers have requested for Aon to undertake the Additional Voluntary Contribution review and have provided the scope and timeframe. A report is due to be brought to the Committee in October of their findings.

Scheme member and data projects

6.10 Complete the Guaranteed Minimum Pension Rectification

6.10.1 Activity: To complete the rectification stage for scheme members, making adjustments to pensions in payment where necessary.

6.10.2 Key milestones:

Key Milestones	Dates	On target for completion?
Manual rectification of outstanding records.	April 2023 – March 2024.	On target.

6.10.3 Update: Following the completion of the annual pensions increase exercise, the rectification has recommenced, and the project is on track to complete by 31 March 2024.

6.11 Application of the McCloud age discrimination remedy

6.11.1 Activity: The pension records of scheme members within scope of the McCloud ruling will be rectified following the implementation of the age discrimination remedy, expected via amendment to legislation on 1st October 2023.

6.11.2 Key milestones:

Key Milestones	Dates	On target for completion?
Respond to DLUHC consultation on draft regulations (delayed from 2022 and still pending release).	TBC.	
Devise communication plan for members and scheme employers.	May 2023.	Awaiting DLUHC consultation.
Undertake scheme member record preparations to identify members in scope of remedy in readiness for the application of the underpin.	April 2023 – September 2023.	On target.
Application of the revised underpin following release of amended LGPS Regulations.	October 2023 onwards.	On target.

6.11.3 Update: DLUHC is expected to launch a further consultation in spring with the regulations finalised after considering the responses. The communication plan cannot be developed until this time. General articles on McCloud will be included in newsletters for employers, deferred members, and active members around May/June 2023.

6.12 Prepare for the implementation of Pension Dashboards

6.12.1 Activity: In the 2016 Budget, the Government made a commitment that Pension Dashboards would be created by the pensions industry, enabling pension savers to view details of all their pensions together.

The activity will be updated following the DWP announcement to reset the Pension Dashboard Programme and the delay to connection deadlines.

6.12.2 Key milestones:

Key Milestones	Dates	On target for completion?
Continue to work with the pensions administration software supplier to connect to a Pensions Dashboard by the deadline of 30 September 2024.	April 2023 – September 2024.	TBC.
Undertake project plan activities to enable connection to the Dashboard including data cleansing activities.	April 2023 – September 2024.	On target.
Connect to the Dashboard.	TBC.	
Pension Dashboard Go Live.	TBC.	

6.12.3 Update: In early March the government announced its intention to legislate to amend the staging timescales (connection deadlines) to allow more time for technological system work enabling dashboards to be delivered. This project reset will affect all scheme deadlines and further clarification of the revised deadlines is being awaited along with guidance on how the Fund should continue to prepare.

6.13 Processing of undecided leaver records

6.13.1 Activity: To reduce the backlog by 2,500 cases per year for the next 3 years from a baseline of approximately 8,300 at March 2023.

6.13.2 Key milestones:

Key Milestones	Dates	On target for completion?
Reduce aged cases by 2,500.	April 2023 – March 2024.	On target– pending timely release of new GAD factors (see below).
Reduce aged cases by 2,500.	April 2024 – March 2025.	
Reduce aged cases to BAU baseline (<2,000).	April 2025 – September 2025.	

6.13.3 Update: Progress on achieving the number of aged cases has been significantly slowed down as a result of the Government Actuary’s Department (GAD) issuing an instruction not to process entitlement for those members who are entitled to a refund or a cash transfer value until they have recalculated the factors used in cash transfer value calculations. The new factors are expected by the end of May 2023, and it is expected that a large number of cases (> 1,000) will be bulk processed over the following six months.

Investment related activities

6.14 Continue development of the ACCESS asset pool

6.14.1 Activity: The ACCESS asset pool Authorised Contractual Scheme (ACS) sub-fund structure is now at a mature stage with ongoing developments prioritising completing the sub-fund pipeline and putting in place supplementary sub-funds as and when required. Other developments within the ACCESS pool include the non-listed work programme, Operator re-procurement, and the Phase II ESG/RI procurement.

6.14.2 Key milestones:

Key Milestones	Dates	On target for completion?
Development of ACS sub-fund pipeline.	April 2023 – October 2024.	On target.
Key Milestones	Dates	On target for completion?

Non-listed (property, infrastructure, private equity, private debt) programme development.	April 2023 – December 2024.	Not on target.
ESG/RI Phase II procurement and reporting developments.	April 2023 – March 2024.	On target.
Operator re-procurement.	April 2023 – March 2025.	On target.

6.14.3 Update: Currently awaiting a report from ACCESS on how the recent takeover of MJ Hudson, non-listed advisor, by Apex will affect this timeline. The latest would suggest that the non-listed programme will be pushed back to 2025 for completion.

6.15 Continue activities within the Fund’s Climate Action Plan

6.15.1 Activity: During 2023-24 the Fund will continue to focus on the milestone dates within the plan which are key to ensure the Fund is on the correct path to achieve “net-zero” carbon emissions by 2050 at the latest.

6.15.2 Key milestones:

Key Milestones	Dates	On target for completion?
To complete the activities against the Climate Action Plan	April 2023 to March 2024	On target.

6.15.3 Update: Implementation of the new passively managed allocation has commenced, with the plan being to complete the changes by the end of June in three separate month end transitions.

6.16 Implement the revised Investment Strategy

6.16.1 Activity: A review of the investment strategy/strategic asset allocation (SAA) was undertaken in March 2023. This included consideration changes to the allocations of property, private equity and actively managed equity assets, taking account of current market conditions and expected future environment, and the ongoing commitments to asset pooling and Climate Action Plan.

Work will be undertaken throughout 2023-24 to action these changes.

6.16.2 Key milestones:

Key Milestones	Dates	On target for completion?
Listed (UK) equity sales to fund increase in index-linked Gilts allocation.	June 2023.	On target.
Consideration of preferred characteristics of new commitments for Infrastructure.	May 2023.	On target.
Key Milestones	Dates	On target for completion?

Investment into M&G MAC fund following equity sales.	June 2023.	On target.
Consider manager(s) for new allocation(s) into long lease property.	Q2 2023.	On target.
Revised draft Investment Strategy to be presented to Pensions Committee.	September 2023.	On target.
Selection of manager(s) for new allocation(s) into long lease property.	Q3 2023.	On target.
Investment into BlueBay ESG MAC once launched on ACCESS.	Q3 2023.	On target.
Wider reviews of options for Infrastructure if required.	Q4 2023.	On target.

6.16.3 Update: In March 2023, the Pension Committee has approved changes to the Strategic Asset Allocation with proposed milestones set out in the table above. The work is currently being undertaken by officers to increase asset allocation to Index-Linked Gilts at UBS by 5%, through sales of UK Equity held in Liontrust. In May 2023, the Investment Sub Committee was provided with an overview of the options available to the Fund for future investment within the infrastructure portfolio. In June 2023, further sales of UK Equity and Global Equity, will be used to fund a 5% increase in allocation to Multi-Asset Credit, +2.5% with M&G MAC by June 2023 and +2.5% with BlueBay MAC once the ESG MAC is launched within ACCESS.

Communications

6.17 Implement recommendations from the review of the website and digital communications.

6.17.1 Activity: A review of the Fund's websites was carried out in 2022/23, the review assessed whether the website was still fit for purpose in meeting the needs of stakeholders and explored alternative options including moving the hosting of the member related information pages away from our software supplier Heywood and hosting both member and employer pages internally on a single website.

Approval from the Pension Committee was granted to implement the recommendation from the review.

6.17.2 Key milestones:

Key Milestones	Dates	On target for completion?
Funding for the website development approved.	March 2023.	Completed.
Resources in place eg recruitment.	May 2023.	Completed.
High fidelity designs created.	August 2023.	On target.
New website built.	March 2024.	On target.

6.17.3 Update: Funding for the website development was approved at the March meeting of the Committee. Subsequently, recruitment has been undertaken by the WNC Digital team who are overseeing the project. An appointment has been made and the person will be in post shortly.

7 Implications (including financial implications)

7.1 Resources and Financial

7.1.1 The financial estimates and associated budgets included with the Business Plan and Medium-Term Strategy were approved by the Pension Committee on 29 March 2023.

7.1.1 Performance against the financial estimates in the Business Plan will be presented to the Pension Committee and Board each meeting. The Business Plan sets out the cost of each activity where known and where costs become known during the course of the year the Pension Committee and Board will be updated accordingly.

7.2 Legal

7.2.1 There are no legal implications arising from the proposals.

7.3 Risk

7.3.1 The mitigated risks associated with this report has been captured in the Fund’s risk register as detailed below –

Risk	Residual risk rating
Those charged with the governance of the Fund and scheme are unable to fulfil their responsibilities effectively	Green
Pension Fund objectives are not defined and agreed.	Green
Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	Green

7.3.2 Please see the [Northamptonshire Pension Fund Risk Register Executive Summary](#).

7.4 Relevant Pension Fund Objectives

7.4.1 The following objectives as per the Business Plan have been considered in this report -

- To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- To continually monitor and measure clearly articulated objectives through business planning.
- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

7.5 Consultation

7.5.1 Not applicable. The Business Plan is best practice to ensure the Fund is managed appropriately and transparently.

8. Background Papers

8.1 [Agenda for Pensions Fund Committee on Wednesday 29th March 2023, 4.00 pm - West Northamptonshire Council \(moderngov.co.uk\)](#)

Appendix A – Variances against the forecast of investments and administration expenses based on original setting of assumptions

Fund Account	2023/24 Budget	2023/24 Forecast	Variance	Comments
	£000	£000	£000	
Contributions	(117,000)	(117,000)	-	
Transfers in from other pension funds	(10,500)	(10,500)	-	
Total income	(127,500)	(127,500)	-	
Benefits payable	118,000	118,000	-	
Payments to and on account of leavers	10,000	10,000	-	
Total Payments	128,000	128,000	-	
Net (additions)/withdrawals from dealings with members	500	500	-	
Management Expenses (Invoiced)	4,078	4,078	-	
Management Expenses (Non-Invoiced)	13,100	13,100	-	
Total Management Expenses	17,178	17,178	-	
Total income less expenditure	17,678	17,678	-	
Investment income	(31,000)	(31,000)	-	
Taxes on income	-	-	-	
(profit) and losses on disposal of investments and changes in the market value of investments	(138,000)	(138,000)	-	
Net return on investments	(169,000)	(169,000)	-	

Net (increase)/decrease in the net assets available for benefits during the year	(151,322)	(151,322)	-	
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Management Expenses	2023-24 Budget	2023-24 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	2,784	2,784	-	
Total Governance Expenses	814	814	-	
Total Investment Invoiced Expenses	480	480	-	
Total Management Expenses	4,078	4,078	-	

Administration Expenses Analysis	2023-24 Budget	2023-24 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	1,819	1,819	-	
Altair administration and payroll system	397	397	-	
Data assurance	21	21	-	
Communications	51	51	-	
Other Non-Pay and Income	29	29	-	
County Council Overhead Recovery	467	467	-	
Total Administration Expenses	2,784	2,784	-	

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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West Northamptonshire Council

Pension Fund Committee

28/06/2023

Mark Whitby – Head of Pensions

Report Title	Governance and Compliance Report
Report Author	Michelle Oakensen Governance and Regulations Manager michelle.oakensen@westnorthants.gov.uk

Contributors/Checkers/Approvers

MO	Sarah Hall on behalf of Catherine Whitehead	8/6/2023
S151	James Smith on behalf of Martin Henry	5/6/2023
Head of Pensions	Mark Whitby	25/5/2023

List of Appendices

Appendix A The Pensions Regulator dashboard checklist

Appendix B The Northamptonshire Pension Fund Policy/Strategy review cycle

Appendix C Skills and knowledge training schedule

1. Purpose of Report

1.1 This is a standing report that identifies issues and developments relevant to West Northamptonshire Council's management and administration of the Northamptonshire Pension Fund.

2. Executive Summary

2.1 This report provides the Pension Fund Committee with information on the following significant current issues which have an impact on the governance, management and administration of the Northamptonshire Pension Fund.

- Pensions Dashboards
- The McCloud Remedy
- Scheme Advisory Board
- Annual revaluation date change
- Skills and knowledge opportunities

2.2 The report also provides details of any proposed immaterial amendments due to be made to policies or strategies as a result of Officer reviews.

3. Recommendation

- 3.1 The Pension Fund Committee is asked to:
- 1) Note the Governance and Compliance Report.
 - 2) Note the immaterial amendments to be applied to the policies in section 6.5.2.

4. Reasons for Recommendation

- To ensure adequate oversight of the issues impacting the Northamptonshire Pension Fund.
- To ensure that the Committee is aware of government consultations and responses provided.
- To comply with the CIPFA Skills and Knowledge Framework.
- To ensure good governance and compliance with the Local Government Pension Scheme Regulations and other relevant legislation and guidance.

5. Report Background

- 5.1 This report provides an update on developments and issues that impact the LGPS that members of the Pension Fund Committee need to be aware of to fulfil their responsibilities to the Fund's key stakeholders.

6. Issues and Choices

6.1 Pensions Dashboards

6.1.1 Pension Dashboard Programme (PDP)

- 6.1.1.1 The Department for Work and Pensions (DWP) issued a written ministerial statement in early March providing an update on the timeline for connecting to pensions dashboards. The statement explains that the PDP will be unable to meet the connection deadlines set out in legislation, and the timeline will need to be revised. PDP is working with DWP to establish a new and achievable plan for delivery.
- 6.1.1.2 The framework for dashboards will remain unchanged, but DWP will legislate to provide new connection deadlines. Further information on the revised timeline will be made available following agreement on PDP's delivery plan.
- 6.1.1.3 Chris Curry, PDP's Principal confirmed that "Delivering the central digital architecture for pensions dashboards is a complex undertaking. DWP and the Money and Pensions Service remain committed to dashboards. Significant progress has already been made. However, we need to do more work to ensure the connection journey is stable and secure for industry, and that it's achievable ahead of mandatory connection. Industry has played a significant role in getting us to this point, whether as early participants, inputting on standards or continually feeding back on getting dashboards right. We will continue to work closely with industry to deliver dashboards that will transform retirement planning and create new opportunities for engagement with savers."
- 6.1.1.4 The full ministerial statement can be found [here](#).
- 6.1.1.5 Frequently asked questions on connection deadline can be found [here](#).
- ##### **6.1.2 The Pension Regulator's (TPR) update on dashboards**
- 6.1.2.1 TPR has confirmed that schemes affected by the announcement will receive a written communication to confirm the new deadlines when set. A sample communication can be found [here](#).
- 6.1.2.2 Updated guidance and a checklist has been published to help schemes focus on what should be done now to prepare for dashboard duties. The Northamptonshire Pension Fund progress against these requirements can be found in appendix 1.
- 6.1.2.3 A content toolkit will be developed with key messaging for administering authorities to use, as appropriate, in communications.

6.1.3 Pensions Administration Standards Association (PASA) dashboards guidance

6.1.3.1 On 29 March 2023, PASA released two new pieces of dashboards guidance to support the industry in preparing to deliver pensions dashboards: the first covering communications for savers and the second looks at matching without a national insurance number and possible match responses.

The what to say to savers guidance can be found [here](#) and the data matching guidance can be found [here](#).

6.2 McCloud Remedy

6.2.1 McCloud data issues guidance

6.2.1.1 The Scheme Advisory Board (SAB) published guidance in March to assist administering authorities with McCloud data issues.

6.2.1.2 The guidance sets out what options administering authorities may consider if they are unable to collect data needed to implement the McCloud remedy. It covers both missing data and data the authority is not confident is accurate. The guidance should be read in conjunction with the legal advice provided by Eversheds on McCloud data issues – this is referenced within the guidance document

6.2.1.3 The full guidance can be found [here](#).

6.2.2 Governments response to McCloud consultation

6.2.2.1 On 6 April 2023, the Department for Levelling Up, Communities and Housing (DLUHC) published their response to the consultation on amendments to the underpin.

6.2.2.2 The consultation proposed changes to the underpin to address the discrimination found in the McCloud judgment and to ensure that it works effectively and consistently for all qualifying members. The consultation ended on 8 October 2020. Alongside the response, in collaboration with the Scheme Advisory Board, DLUHC published a factsheet summarising the remedy for members.

6.2.2.3 DLUHC expects to launch a further consultation this spring. The consultation will seek views on:

- issues that, because of the consultation responses, they have not yet made a final decision on (such as aggregation and flexible retirement),
- issues not included in the original consultation (such as compensation, interest and excess teacher service), and
- updated draft regulations.

6.2.2.4 DLUHC will finalise the regulations after considering the responses to the further consultation. These will come into force on 1 October 2023, with backdated effect to 1 April 2014.

6.2.2.5 The factsheet can be found [here](#) and the consultation documents can be found [here](#) (16 July 2020 amendments to statutory underpin).

6.3 Scheme Advisory Board

6.3.1 Statement on Freedom of Information Act requests on climate advice and data

6.3.1.1 On 30 March 2023, the Board published a statement on Freedom of Information (FOI) requests on climate advice and data.

- 6.3.1.2 The Board is aware of the increasing prevalence of information requests about responsible investment policies. These may come from interested scheme members or activist groups and can be “round robin” requests that are made to all administering authorities with a view to collating information across the scheme and making comparisons between authorities’ responses.
- 6.3.1.3 As public authorities, there are duties on all administering authorities to be open and transparent about their policies and actions. However, the resources available to deal with requests are not unlimited and there will be occasions where cost, commercial sensitivity or other considerations will outweigh the public interest in releasing information.
- 6.3.1.4 Further guidance on this is available from the Information Commissioner’s Office and can be found [here](#).
- 6.3.1.5 Support in how to respond to these requests, especially if they become onerous or vexatious, should be sought from the authority’s legal and FOI advisers.
- 6.3.1.6 If the new climate reporting duties had been brought in by the Government, as consulted on last year, from 1st April 2023 then that may have helped authorities currently considering the request from Carbon Tracker by putting, or at least having a plan to put, a large amount of information into the public domain which may have helped address some of the requests for information that are being received. Despite the delays in DLUHC concluding that consultation, the Board would recommend that all funds consider having a proactive publication scheme in place for climate data, and their stewardship activities, to minimise the volume of ad hoc requests that they have to field.
- 6.3.2 Gender pensions gap report
- 6.3.2.1 The Gender Pay Gap Information Regulations 2017 put a requirement on employers with more than 250 employees to publish differences in pay between men and women.
- 6.3.2.2 On 29 March 2023, the Board published a report on the gender pensions gap in the LGPS from the Government Actuary’s department.
- 6.3.2.3 Research into the extent of the gender pensions gap was undertaken by the Government Actuary’s Department at the Board’s request using data from the 2020 scheme valuation and the report provides an initial overview of the gender pensions gap in the LGPS.
- 6.3.2.4 This has shown that the difference between men and women as to their accrued benefits in the Local Government Pension Scheme is 34.7% for benefits in the reformed CARE scheme and 46.4% for benefits in the legacy final salary scheme (in favour of men). The data also showed that the average pension in payment for a woman was £4,285 while for a man it was £8,466.
- 6.3.2.5 These initial findings do need to be interpreted with some caution, The LGA pay gap analysis excludes all schools staff (and any other staff not directly employed by a Local Authority), while the gender pensions gap analysis includes data held on non-teaching staff working in schools, academies, further education colleges, some higher education institutions and many other non-Local Authority employers who can be employed under different terms and conditions.
- 6.3.2.6 The Board will do further work to understand the data and investigate causes, as well as considering possible next steps.
- 6.4 Annual revaluation date change
- 6.4.1 In March 2023, the Department for Levelling Up, Housing and Communities’ (DLUHC) published its response to the consultation on changing the annual revaluation date. On the same day, they laid the LGPS (Amendment) Regulations 2023, effective on 31 March 2023.

6.4.2 Subsequently, details of the changes were circulated by the Local Government Association (LGA) which also included examples. The documents can be found here and the timeline regulations will be updated in due course.

6.5 Northamptonshire Pension Fund Policy/Strategy updates

6.5.1 In March 2023 the Pension Fund Committee agreed for all policies and strategies to be reviewed by the Committee on a three year cycle (unless stated otherwise) with Officer reviews to be conducted on an annual basis or as deemed necessary.

6.5.2 Since the approval the following non material amendments are due to be applied:

Policy/Strategy	Review reason	Amendments made
Administering Authority Discretions.	Officer review due.	1) Clarification applied to the wording of ‘Whether to pay the whole or part of a child’s pension to another person for the benefit of the child’. 2) Reference to ‘a child’ amended to ‘an eligible child’. 3) Clarification applied to delegated authority on Voluntary Scheme Pays. 4) Employer Services Manager updated to Employer Services and Communications Manager.
Anti-Fraud and Corruption Policy.	To align with the West Northamptonshire Anti-Money Laundering Policy.	1) The ‘Responsible Officers’ section has been updated to include the Money Laundering Reporting Officer (MLRO) and deputising arrangements. 2) Link to the West Northamptonshire Council Anti-Money Laundering Policy.

6.5.3 The updated policies/strategies will be published on the Pension Service website following the noting of these changes.

6.5.4 The Policy/Strategy review cycle following the approval of the new three-year Committee approval approach is in appendix B.

6.6 Skills and knowledge opportunities

6.6.1 The Public Services Pensions Act 2013 and the Pensions Regulator’s Code of Practice (Governance and administration of public service pension schemes) require all members of the Pension Fund Committee to maintain the necessary skills and knowledge to undertake their role effectively.

6.6.2 In addition, in order to facilitate the acquisition of skills and knowledge for members of the Pension Fund Committee, appendix C lists the main events that are deemed useful and appropriate.

6.6.3 If members of the Pension Fund Committee would like to attend any of the events listed in appendix 3, please contact a member of the Fund’s governance team who will make the necessary arrangements if an invitation has not already been sent.

6.6.4 In addition, individual login details have been issued to access the new LGPS Online Learning Academy platform. Members are encouraged to ensure they are able to sign in and navigate the platform. In July, members will be asked to approve timescales and requirements as part of the Training Strategy.

7 Implications (including financial implications)

7.1 Resources and Financial

7.1.1 There are no resources or financial implications arising from the report.

7.2 Legal

7.2.1 The Fund has consulted with its Governance advisors, Aon, to understand the legislative requirements to comply with Pensions Dashboards regulations.

7.3 Risk

7.3.1 The Constitution Section 4.8 para 1.3 states that the Pension Committee has “Authority to develop and maintain a skills and knowledge framework for all Pension Committee and Investment sub-committee members and for all officers of the Fund including;

- (i) Determining the Fund’s knowledge and skills framework;
- (ii) Identifying training requirements;
- (iii) Developing training plans; and
- (iv) Monitoring attendance at training events.

7.3.2 This report ensures on-going compliance with the above and that the Pension Committee is up to date with:

- New or amending legislation affecting the LGPS;
- Relevant activities of the LGPS Scheme Advisory Board and the Pensions Regulator that concern the governance of the (LGPS) on a national and local basis; and
- Skills and knowledge opportunities.

7.3.3 The risks associated with the Pension Committee not having the required level of knowledge and understanding have been captured in the Fund’s risk register as detailed below.

Risk	Residual risk rating
Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively	Green
Failure to administer the scheme in line with regulations and guidance.	Green
Failure to provide relevant information to the Pension Fund Committee to enable informed decision making.	Green

The Fund’s full risk register can be found on the Fund’s website at the following link:

[Northamptonshire Risk Register](#)

7.4 Relevant Pension Fund Objectives

7.4.1 The following objectives as per the Business Plan have been considered in this report –

- To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund’s stakeholders, particularly the scheme members and employers.
- To ensure that the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.

- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

7.5 Consultation

7.5.1 The Fund is kept updated with developments and consultations via various sources such as the Local Government Association, The Pensions Regulator and Scheme Advisory Board. No consultation was required for this report.

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Appendix A – The Pension Regulator’s preparing to connect checklist: Progress of the Northamptonshire Pension Fund

Preparation checklist	Relevant guidance	Your status comments
Start now: general tasks		
Establish pensions dashboards as a regular agenda item at board meetings.	Overview – your role and legal duties.	Completed – Delivered as part of the Governance and Compliance Report at each meeting of the Committee and Board.
Discuss pensions dashboards with your administrator and other relevant parties (such as software provider, actuary, legal adviser, employer, additional voluntary contribution provider).	Overview – working with advisers and providers.	Underway – software provider – a dashboard readiness report has been received providing detail on the accuracy of the “find” and “value” data. Further discussions to be had on how data quality can be improved in these areas. AVC Providers – Exploring whether the AVC providers will display this information separately.
Explore your route to connection – either building own interface or using a (new or existing) third-party solution.	Connecting to pensions dashboards – choosing a digital interface.	Pensions software tender is requiring supplier to perform ISP services for connection to the Dashboard ecosystem.
If required, appoint new suppliers or revise contracts for existing suppliers.	Connecting to pensions dashboards – choosing a digital interface.	Pensions software tender is incorporating Pension Dashboard requirements in compulsory elements of specification.
Start now: data tasks		
Understand what personal data you will receive from the digital architecture to help you match members to their pensions.	Matching people with their pensions.	A dashboard readiness report has been received providing detail on the accuracy of the “find” and “value” data. Further discussions to be had on how data quality can be improved in these areas.
Assess the quality and digital accessibility of personal data in your records.	Matching people with their pensions.	
Consider which data items you will use to confirm matches are made or that there are possible matches.	Matching people with their pensions.	

Appendix A – The Pension Regulator’s preparing to connect checklist: Progress of the Northamptonshire Pension Fund

Where your member personal data needs improving, put plans in place to deliver the improvements.	Matching people with their pensions.	A dashboard readiness report has been received providing detail on the accuracy of the “find” and “value” data. Further discussions to be had on how data quality can be improved in these areas.
Understand what data you will need to return to members and by when.	Information to provide to members.	
Assess the quality and digital accessibility of the data that will be provided to your members.	Information to provide to members.	
Preparation checklist	Relevant guidance	Your status comments
Consider how you will calculate the value data so that it is provided in line with dashboard requirements – calculated in line with ASTM1 or scheme rules, and sufficiently recent.	Information to provide to members.	
Where value data is not in line with dashboard requirements, put plans in place to ensure you can meet your dashboard duties.	Information to provide to members.	
Ongoing actions		
Stay up to date with developments to the regulations, Money and Pensions Service standards and our guidance.	Stay in touch with developments.	
Check that your team and suppliers are on track to deliver.	Overview – working with advisers and providers.	
Record key decisions and progress as per your existing governance processes.	Ongoing connection and record-keeping requirements.	
Review and update your Data Protection Impact Assessment (DPIA) in line with your data improvement plan.	Matching people with their pensions – preparing your data for matching.	

Committee/Officer reviews due 2023/2024

Policy/Strategy	Latest Committee review undertaken	Next Committee review due	Next Officer review due	Comments
Administering Authority Discretions.	June 2022.	June 2025.	June 2023.	Annual Officer review – included in the Governance and Compliance Report at this meeting.
Cash Management Strategy.	March 2019.	June 2023.	June 2024.	Committee approval required at this meeting.
Anti-Fraud and Corruption Policy.	March 2022.	March 2025.	June 2023.	Officer review required due to changes – included in the Governance and Compliance Report at this meeting.
Training Strategy.	December 2021.	July 2023	July 2024.	Committee approval required at the July 2023 meeting to agree the requirements/expectations of the strategy.
Admission Bodies, Scheme Employers and Bulk Transfer Policy.	September 2021.	September 2024.	September 2023.	Officer review will be undertaken and reported via the Governance and Compliance Report in October 2023.
Cyber Strategy – not published.	September 2021.	September 2024.	September 2023.	Officer review will be undertaken and reported via the Governance and Compliance Report in October 2023.
Investment Strategy Statement.	March 2023.	October 2023.	October 2024.	Committee approval required at the October 2023 meeting due to the partial implementation of the strategic asset allocation.
Governance Policy and Compliance Statement.	July 2021.	October 2023.	July 2021.	Officer review will be undertaken and reported via the Governance and Compliance Report in October 2023.
Reporting Breaches of the Law to the Pensions Regulator.	October 2022.	October 2025.	October 2023.	Officer review will be undertaken and reported via the Governance and Compliance Report in December 2023.
Administration Strategy.	December 2020.	December 2023.	December 2024.	Committee approval required at the December 2023 meeting.
Data Improvement Policy.	December 2020.	December 2023.	December 2024.	Committee approval required at the December 2023 meeting.
Cessations Policy.	December 2022.	December 2025.	December 2023.	Officer review will be undertaken and reported via the Governance and Compliance Report in March 2024.

Appendix B - The Northamptonshire Pension Fund Policy/Strategy review cycle

Policy/Strategy	Latest Committee review undertaken	Next Committee review due	Next Officer review due	Comments
Conflicts of Interest Policy.	December 2022.	December 2025.	December 2023.	Officer review will be undertaken and reported via the Governance and Compliance Report in March 2024.
Risk Strategy.	December 2022.	December 2025.	December 2023.	Officer review will be undertaken and reported via the Governance and Compliance Report in March 2024.
Communications Strategy.	April 2021.	April 2024.	April 2025.	Committee approval required at the June 2024 meeting.
Funding Strategy Statement.	March 2023.	March 2026.	March 2024.	Officer review will be undertaken and reported via the Governance and Compliance Report in June 2024.
Overpayment of Pension Policy.	March 2023.	March 2026.	March 2024.	Officer review will be undertaken and reported via the Governance and Compliance Report in June 2024.
Payment of Employee and Employer Pension Contributions Policy.	March 2022.	March 2025.	March 2024.	Officer review will be undertaken and reported via the Governance and Compliance Report in June 2024.

Northamptonshire Pension Fund

Appendix C

Training plan 2023/24

Date	Training	Method of delivery	Delivered by	Target audience	Additional Information
APR					
MAY					
JUN	Local Authority Conference 2023	Conference – face to face	Pension and Lifetime Savings Association (PLSA)	Committee, Board & Officer	26-28 Local Authority Conference PLSA (Cotswolds)
JULY	Heywood Officer Conference	Conference – face to face	Heywood	Officer	12-13 July in Manchester
AUGUST					
SEPTEMBER	Investment and Pensions Summit	Conference – face to face	Local Government Chronicle (LGC)	Committee, Board & Officer	7-8 September in Leeds. LGC Investment & Pensions Summit 2023 - Home Page (lgcplus.com)
OCTOBER	Property asset class training	TBC	Mercer	Investment Sub Committee	Date TBC
NOVEMBER					
DECEMBER	Annual Conference 2022	Conference – face to face	Local Authority Pension Fund Forum (LAPFF)	Committee, Board & Officer	6-8 December 2023 Bournemouth.

Northamptonshire Pension Fund

Appendix C

Date	Training	Method of delivery	Delivered by	Target audience	Additional Information
JANUARY	Governance Conference	Conference – hybrid	Local Government Association (LGA)	Committee, Board & Officer	18-19 January 2024 (online/York)
FEBRUARY					
MARCH					



West Northamptonshire Council

Pension Committee

29/6/2023

Mark Whitby – Head of Pensions

Report Title	Employer Admissions and Cessations Report
Report Author	Cory Blose, Pensions Service Employer and Communications Manager, Cory.Blose@westnorthants.gov.uk

Contributors/Checkers/Approvers

MO	Sarah Hall on behalf of Catherine Whitehead	8/6/2023
S151	James Smith on behalf of Martin Henry	5/6/2023
Head of Pensions	Mark Whitby	24/5/2023

List of Appendices

None

1. Purpose of Report

- 1.1 To report the admission of three admitted bodies to the Northamptonshire Pension Fund
- 1.2 To notify the Committee of nine employers ceasing participation in the Northamptonshire Pension Fund.

2. Executive Summary

- 2.1 The Pension Fund Committee is asked to note the admission of two transferee admission bodies across three admission agreements and to approve the sealing of the admission agreements.
- 2.2 The Committee is also asked to note the exit of nine employers from the Fund.

3. Recommendations

3.1 The Pension Committee is asked to:

3.1.1 Note the admission of the following admitted bodies to the Northamptonshire Pension Fund and approve the sealing of the following admission agreements;

- Compass Group (Innovate Multi Academy Trust)
- Kier (West Northants)
- Kier (North Northants)

3.1.2 Note the exit of the following bodies from the Northamptonshire Pension Fund:

- Birkin Cleaning Services (Elizabeth Woodville Academy – TOVE Learning Trust)
- Kier Limited (Fleet and Passenger Services)
- Kier Limited (May Gurney)
- Kingswood Catering Ltd (Little Harrowden Primary Academy)
- NSL Limited
- Voices for Victims and Witnesses Ltd
- Wellingborough Norse
- Huxlow Single Academy Trust

3.2 Reason for Recommendations

3.2.1 All three admissions fall under paragraph 1(d)(i) of Part 3 of Schedule 2 to the Local Government Pension Scheme Regulations 2013 (the Regulations) and have signed admission agreements where they agree to meet the requirements of the Regulations. The Pension Fund Committee therefore must admit these bodies to the Fund, as required by Part 3, 13 of the Regulations.

3.2.2 The minutes confirming The Committee's approval are required as evidence alongside any agreements before sealing can be arranged by the Fund's legal support.

3.2.3 It is good practice to ensure that The Pension Fund Committee are aware of any employer movements within the scheme, to ensure any financial implications (7.1), risk implications (7.8) and decisions in relation to Relevant Pension Fund Objectives (7.11) are appropriately managed.

4 Report Background

- 4.1 The Local Government Pension Scheme Regulations 2013 (as amended) [the Regulations] provide for the admission of a number of different types of body to the Local Government Pension Scheme; scheduled bodies, designating bodies, and admission bodies.
- 4.2 The Regulations also require that, following the exit of an employer from the Fund, the administering authority carry out an assessment of it's funding position on the date of exit.
- 4.3 The Fund's cessations policy sets out how the Fund will assess the funding position of an exiting employer and the Fund's policies on the collection of exit debits and determination of the value of any exit credit payable to the exiting employer.
- 4.4 This report provides an update on admissions to and cessations from the Northamptonshire Pension Fund since the last meeting of the Pension Committee, including the collection and payment of any exit debits or credits.

5 Issues and Choices

5.1 New Admission Bodies

- 5.1.1 Paragraph 1 of Part 3 of Schedule 2 to the Regulations provides for an Administering Authority to make an admission agreement with an admission body, enabling employees of the admission body to be active members of the Local Government Pension Scheme.
- 5.1.2 A body which falls under paragraph 1(d)(i) of Part 3 of Schedule 2 is an admission body that is providing a service, in connection with the function of a scheme employer, as the result of a transfer of service or assets by means of a contract or other arrangement.
- 5.1.3 Where an admission body of the description in paragraph 1(d) undertakes to meet the requirements of these Regulations, the appropriate administering authority must admit to the Scheme the eligible employees of that body.
- 5.1.4 The Pension Committee is asked to note the admission of the following bodies into the Northamptonshire Pension Fund and to approve the sealing of the admission agreements.

Date of admission	New Admission Body	Background Information
1 September 2022	Compass Group (Innovate MAT)	Compass Group entered into a contract with Innovate Multi Academy Trust to provide catering services at Kilsby CoE Primary and Badby School. As a result, a group of employees were transferred to the admission body and a standard admission agreement has been put in place. This agreement has been backdated to 1 September 2022 and backdated contributions have been collected. Innovate MAT will guarantee the pension liabilities.
12 September 2022	Kier (West Northants)	Following the retendering of the previous county-wide highways contract, Kier Limited entered into a new contract with North Northants to provide highway services. As a result, a group of employees were transferred to the admission body and a pass through admission agreement has been put in place. This agreement has been backdated to 12 September 2022 and backdated contributions have been collected. This admitted body also appears in the cessations section of this report as they were one of the providers of the previous countywide contract.
12 September 2022	Kier (North Northants)	Following the retendering of the previous county-wide highways contract, Kier Limited entered into a new contract with West Northants to provide highway services. As a result, a group of employees were transferred to the admission body and a pass through admission agreement has been put in place. This agreement has been backdated to 12 September 2022 and backdated contributions have been collected. This admitted body also appears in the cessations section of this report as they were one of the providers of the previous countywide contract.

5.2 New Cessations

5.3 Birkin Cleaning Services

- 5.3.1 Birkin Cleaning Services were admitted to the Fund under a standard admission agreement on 1 January 2021, after entering a contract to provide cleaning services for the Tove Learning Trust.
- 5.3.2 On 31 January 2023 the admission agreement between Birkin Cleaning Services and Tove Learning Trust (Elizabeth Woodville Academy) ceased when the last active member left the scheme. An actuarial assessment is being undertaken by the scheme actuary to identify the closing liabilities of the exiting employer.

5.4 Kier Limited (Fleet and Passenger)

- 5.4.1 Kier Limited were admitted to the Fund under a standard admission agreement on 1 April 2013, after entering a contract to provide highway services for Northamptonshire County Council. Following the Unitary changes on 1 April 2021, West and North Northamptonshire Council became the joint scheme employer.

5.4.2 On 31 December 2022 the admission agreement between Kier Limited (Fleet and Passenger Services) and West Northamptonshire Council ceased when the contract ended. An actuarial assessment is being undertaken by the scheme actuary to identify the closing liabilities of the exiting employer.

5.5 Kier Limited (May Gurney)

5.5.1 Kier Limited were admitted to the Fund under a standard admission agreement on 29 September 2008, after entering a contract to provide highway services for Northamptonshire County Council. Following the Unitary changes on 1 April 2021, West and North Northamptonshire Council became the joint scheme employer.

5.5.2 On 11 September 2022 the admission agreement between Kier Limited (May Gurney) and West Northamptonshire Council ceased when the contract ended. An actuarial assessment is being undertaken by the scheme actuary to identify the closing liabilities of the exiting employer.

5.6 Kingswood Catering Limited

5.6.1 Kingswood Catering Limited were admitted to the Fund under a pass-through admission agreement on 1 August 2015, after entering a contract to provide catering services for Little Harrowden Primary School. Little Harrowden converted to Academy status from 1 December 2018, when Inspire Multi Academy Trust (INMAT) became the scheme employer.

5.6.2 On 28 November 2022 the admission agreement between Kingswood Catering Limited and North Northamptonshire Council (Little Harrowden School) ceased when the contract ended. No exit debit or credit will be required as the pension liabilities were retained by INMAT.

5.7 NSL Limited

5.7.1 NSL Limited were admitted to the Fund under a standard admission agreement on 13 June 2016, after entering a contract to provide car parking services for Northamptonshire County Council. Following the Unitary changes on 1 April 2021, West Northamptonshire Council became the scheme employer.

5.7.2 On 31 August 2022 the admission agreement between NSL Limited and West Northamptonshire Council ceased when the contract ended. An actuarial assessment is being undertaken by the scheme actuary to identify the closing liabilities of the exiting employer.

5.8 Voice for Victims

5.8.1 Voice for Victims were admitted to the Fund under a standard admission agreement on 1 August 2017, after entering a contract to provide witness support services for Northants Police and Crime Commissioner.

5.8.2 On 31 March 2023 the admission agreement between Voice for Victims and Witnesses and Northants Police and Crime Commissioner ceased when the last active member left the scheme. An actuarial assessment is being undertaken by the scheme actuary to identify the closing liabilities of the exiting employer.

5.9 Wellingborough Norse

- 5.9.1 Wellingborough Norse were admitted to the Fund under a standard admission agreement on 10 August 2012, after entering a contract to provide waste collection services for Wellingborough Borough Council. Following the Unitary changes on 1 April 2021, North Northamptonshire Council became the scheme employer.
- 5.9.2 On 31 March 2022 the admission agreement between Wellingborough Norse and North Northants Council ceased when the contract ended. The Funding assessment at the date of exit identified a funding surplus of £3,953.00. Following an exit credit determination, as required by and taking into account the factors listed under section 64 (2ZC) of the Regulations, the Administering Authority has determined that the amount of exit credit payable to Wellingborough Norse was Nil.

5.10 The Huxlow Single Academy Trust

- 5.10.1 On 1 September 2022, the operation of the Huxlow Academy transferred from The Huxlow Academy Single Academy Trust to Tove Learning Trust.
- 5.10.2 The Huxlow Single Academy Trust ceased participation in the Fund as it was a single academy trust. No exit payment or credit will be required as the pension assets and liabilities were transferred to the accepting Multi Academy Trust (Tove Learning Trust).

6 Previously Reported Cessations

None to report

7 Implications (including financial implications)

7.1. Resources and Financial

- 7.2 Actuarial costs incurred by obtaining a calculation of the employer's contribution rate and opening funding position at commencement are recharged directly to the employer.
- 7.3 The employer contribution rate contains an allowance for administration charges, and the employer is charged a fee to recover the Funds administration costs of on boarding new employers and terminating ceased employers. This means that admissions and cessations should be cost neutral.
- 7.4 Where an exit credit is determined to be greater than nil, a payment will need to be made to the exiting employer. This payment may be all or part of the overall surplus of assets so the liabilities will continue to be at least full funded at the date of cessation.

7.5. Legal

- 7.6 Admitted bodies enter into an admission agreement with the administering authority in order to become an employer within the Northamptonshire Pension Fund. This agreement sets out the statutory responsibilities of an employer, as provided for under the Regulations governing the LGPS.

7.7 Exit credit determinations can be appealed by the exiting employer under the Fund’s internal dispute resolution procedure and ultimately the Pensions Ombudsman.

7.8 Risk

7.9 The mitigated risks associated with this report has been captured in the Fund’s risk register as detailed below -

Risk	Residual risk rating
Failure to administer the scheme in line with regulations and guidance	Green
Failure to provide relevant information to the pension Committee/Pension Board to enable informed decision making	Green
Fund assets are not sufficient to meet obligations and liabilities.	Amber

7.10 Please see the [Northamptonshire Pension Fund Risk Register](#) for full details

7.11 Relevant Pension Fund Objectives

7.12 The following objectives have been considered in this report -

- To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund’s stakeholders, particularly the scheme members and employers.
- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- To ensure appropriate exit strategies are put in place both in the lead up to and on termination of a scheme employer.

7.13 Consultation

7.14 Contribution rate and bond assessments are undertaken by Hymans Robertson, the Fund Actuary.

7.15 The Fund Actuary is consulted with upon the exit of any employer from the Fund.

7.16 Advice was received from the Fund’s Actuary on individual admission and cessation cases, where required.

7.17 A precedent admission agreement has been drafted by Squire Patton Boggs, specialist pension legal advisers.

8 Background Papers

None

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West Northamptonshire Council

Pension Committee

28/06/2023

Mark Whitby – Head of Pensions

Report Title	Cash Management Strategy
Report Author	Ben Barlow, Funding and Investment Manager Ben.Barlow@westnorthants.gov.uk

Contributors/Checkers/Approvers

MO	Sarah Hall on behalf of Catherine Whitehead	5/6/2023
S151	James Smith on behalf of Martin Henry	8/6/2023
Head of Pensions	Mark Whitby	24/5/2023

List of Appendices

Appendix A – Proposed Cash Management Strategy 2023 clean

Appendix B – Proposed Cash Management Strategy 2023 tracked

1. Purpose of Report

- 1.1 To present to the Pension Committee for approval the updates to the Cash Management Strategy.

2. Executive Summary

- 2.1 The purpose of the Cash Management Strategy is to manage Fund's cash efficiently, ensuring adequate cash is available in the Fund's accounts held at Barclays Bank to meet the day to day cash requirements of the Fund, and to ensure timely payment of surplus cash to Northern Trust for investment in line with the Fund's Investment Strategy.
- 2.2 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("the Regulations") came into force on 1 November 2016 and require the Fund to review its cash management strategy on a regular basis.
- 2.3 This key changes to the strategy since approval by Pension Fund Committee 23 March 2019 include removal of references to LGSS and formatting issues. There have been no changes to internal processes since the Strategy's approval.

3. Recommendations

3.1 Approve the updates to the Cash Management Strategy.

4. Reason for Recommendations

4.1 To comply with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, requiring the Fund to review its cash management strategy on a regular basis.

5. Background

5.1 Under the Regulations, the Fund is required to have its own separate bank account, may only borrow by way of temporary loan or overdraft for the purpose of paying benefits due under the scheme or to meet investment commitments, and must invest, in accordance with its Investment Strategy, any fund money that is not needed immediately to make payments from the Fund.

5.2 To meet the requirements of the Regulations, the Fund has identified objectives and key principles to govern the Fund's approach to cash management, as can be seen in sections 3 and 4 of the Cash Management Strategy.

5.3 The processes set up in response to the strategy include, daily forecasting and monitoring from the finance team using Public Sector Live software; monthly forecasting and reporting to management; and periodically moving cash to and from NatWest and Northern Trust when there is a surplus or deficit.

5.4 The strategy allows officers the ability to react efficiently to the cash requirements of the Fund.

6. Proposed changes to the existing policy

6.1 As a result of the review, the following changes are being proposed:

Section	Proposed change
Operational Issues	- Remove reference to LGSS
Flow Chart	- Moved from section 8 Operational Issues to Section 7 Key Cash Flow Movements/Timings - Includes refunds in cash flow out of Barclays
Throughout	- Formatting issues
Key Cash Flow Movements/Timings	- Includes refunds in cash flow out of Barclays
New section 9	- Effective date and reviews of the policy
Glossary	- Moved from section 9 to 10

7. Implications (including financial implications)

7.1 Resources and Financial

7.1.1 There are no finance or resources implications arising from the proposals in this paper.

7.2 Legal

7.2.1 There are no legal implications arising from the report.

7.3 Risk

7.3.1 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below –

Risk	Residual risk rating
Contributions to the Fund are not received on the correct date and/or for the correct amount.	Amber
Fund assets are not sufficient to meet obligations and liabilities.	Amber
Risk of fraud and error.	Green
Custody arrangements may not be sufficient to safeguard Pension Fund assets.	Green
Failure to administer the scheme in line with regulations and guidance.	Green

7.3.2 The Fund's full risk register can be found on the Fund's website at the following link: [Northamptonshire Risk Register](#)

7.4 Relevant Pension Fund Objectives

7.4.1 The following objectives have been considered in this report -

- 7.4.1.1 To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies, and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- 7.4.1.2 To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- 7.4.1.3 To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
- 7.4.1.4 To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- 7.4.1.5 To administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.
- 7.4.1.6 To ensure cash flows in to and out of the Fund are timely and of the correct amount.
- 7.4.1.7 To ensure the long-term solvency of the Fund, taking a prudent long-term view, so that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment.
- 7.4.1.8 To ensure an appropriate cash management strategy is in place so that net cash outgoings can be met as and when required.

7.5 Consultation

7.5.1 No consultation was required in connection with this review.

7.6 Communications

7.6.1 Policy documents will be updated as appropriate and published on the Fund's website.

8. Background Papers

8.1 Not applicable

Cash Management Strategy

Published XX XXX2023



1. Regulations

9.1. Under The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 the Fund is required to have its own separate bank account (paragraph 6.1). A number of other instructions are set out in the regulations regarding managing the Funds cash, these are listed below.

1.1.1. Regulation 5 – Restriction on power to borrow. This regulation states that an authority may only borrow by way of temporary loan or overdraft for the purpose of paying benefits due under the scheme or to meet investment commitments. The authority may only borrow if it reasonably believes that the sum borrowed and interest charged can be repaid by the pension fund within 90 days of borrowing.

1.1.2. Regulation 7.8 – Investment Strategy Statement. The authority must invest, in accordance with its investment strategy, any fund money that is not needed immediately to make payments from the fund.

2. Other Regulatory Influences

2.1. The Fund will also have regard to:

2.1.1. [Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes \(Treasury Management Code\) \(2011\)](#),

2.1.2. MHCLG Investment Guidance,

2.1.3. The UK Money Markets Code,

2.1.4. EU Money Market Funds (MMF) Regulation.

3. Objectives

3.1. The main objectives of a Cash Management Strategy are to ensure that:

3.1.1. The Fund is compliant with The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016,

3.1.2. Cash is available as and when required,

3.1.3. Surplus cash is invested,

3.1.4. Risks inherent within the Key Principles are managed.

4. Key Principles

4.1. There are three key principles relating to cash management:

4.1.1. Security – Safeguarding Pension Fund assets,

4.1.2. Liquidity – Ensuring the Pension Fund has cash available as and when required,

4.1.3. Yield – To achieve a market return.

5. Overdraft

5.1. An overdraft is a form of borrowing and the 2016 Regulations specify only two reasons that the Fund can legally overdraw, as set out in paragraph 1.1.1. above.

5.2. The Fund bank accounts operate with a zero aggregate overdraft facility, with strong financial control processes over cash activities.

6. Cash Arrangements

6.1. The Fund currently holds cash at Barclays and at the Fund's Custodian Northern Trust, both of which have access to interest bearing accounts. There is **no** cash held with the Administering Authority.

6.2. Barclays Bank Plc

Operational cash is held at Barclays Bank, managed directly by Officers. A minimal balance is maintained, varying upon the information available from the three key interfaces:

6.2.1. Accounts Receivable - this account receives all contributions, transfers and invoiced income.

6.2.2. Payroll Account – Pension benefits are paid from this account monthly.

6.2.3. Payables Account – All invoice payments, grants and lump sums are payments are made from this account.

At close of business each day any surplus/shortfall on the above accounts are swept into an overarching interest bearing Liquidity Account to ensure a residual balance of £10,000 on each.

6.3. Northern Trust (Custodian)

The Fund will transfer surplus money from Barclays Bank accounts to the Fund's account at the Custodian for investment in line with the Fund's Investment Strategy. This account also acts as a gateway to receive and pay monies to Investment Managers, for example, cash from Investment distributions. The Fund has a contractual agreement with the Custodian to sweep excess cash into Money Market Funds.

6.4. Investment Managers

Investment managers hold cash at Northern Trust as part of their mandates. Whilst this cash is under the managers' control, it can be recalled by the Fund.

7. Key Cash Flow Movements/Timings

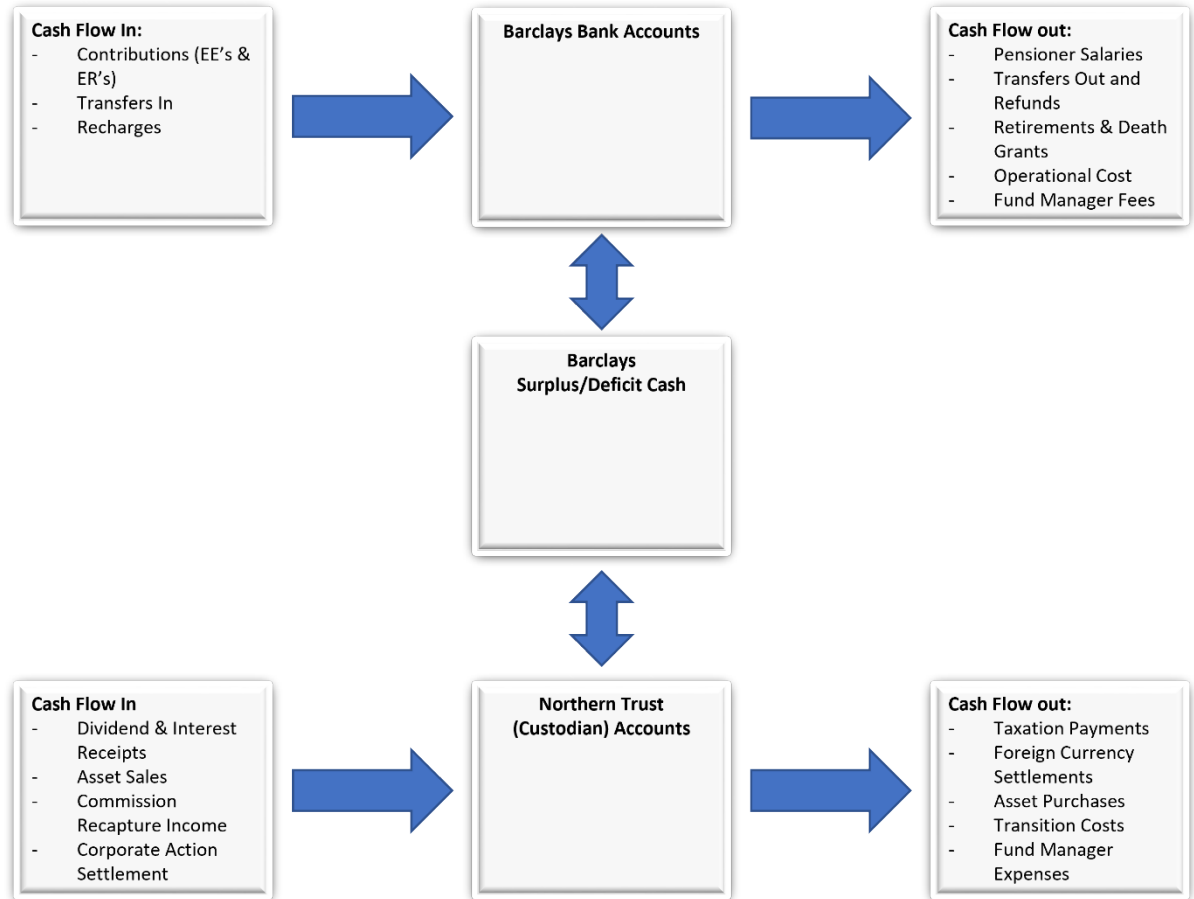
7.1. Barclays Bank

The key activities that occur within the Barclay's accounts, noted at 6.2. above are monitored by Officers through regular profiling of cash movements, which identifies surplus balances or forecast shortfalls, prompting a transfer of cash to, or from, the Custodian.

There are three streams of activity; receipt of income through Accounts Receivable, payment of pension benefits through payroll and ad hoc payments through Accounts Payable. Contribution income is required to be received by the 19th of the month. This is important as it represents the receipt of income prior to the payment of the pensioners' payroll on the 25th of the month. The payments through Accounts Payable occur on an irregular pattern dependent upon demand, with the main activity being the payment of new pension liabilities such as retirement grants, in addition to death grants, transfers out and refunds.

7.2. Custodian

Officers manage the Fund's cash requirements and will first recall cash from the Custodian cash account, then from Investment Managers, giving regard to the asset allocation, liquidity and exit costs of investment assets, as required. Similarly, investing of Fund surpluses will also be in line with the Fund's Investment Strategy.



8. Operational Issues

Risk	Implication	Mitigation
Exit payments, where cash is due to Employers within the Fund who have a contribution surplus, and Employers transferring their assets and liabilities out of the Fund, generate risks to cash flows and the balance of cash within the Fund.	<ul style="list-style-type: none"> - Becoming overdrawn - Lack of liquidity to fund payments 	<ul style="list-style-type: none"> - Clear inter-team communication - Segregation of duties - Sale of assets
Timing of payments result in payments exceeding the working balance held at Barclays Bank, requiring a recall of cash from the Custodian.	<ul style="list-style-type: none"> - Becoming overdrawn - Lack of liquidity to fund payments 	<ul style="list-style-type: none"> - Stringent cash management and forecasting - Ability to delay non-essential payments to ease cashflow

A dependency upon Treasury to action instructions from the Pension Fund in a timely manner.	- Lack of liquidity to fund payments	-Stringent cash management and forecasting -Segregation of duties
An investment draw down where insufficient cash is held by the Custodian on behalf of the Fund.	- Becoming overdrawn - Lack of liquidity to fund payments	- Stringent cash management and forecasting
County Council officers, with access to Pensions systems, can action fraudulent or erroneous cash movements.	- Becoming overdrawn - Payments made to/from wrong bank account - Fraudulent activities	- Segregation of duties - Approval from Pension Senior Management required for cash movements
Surplus cash is not invested in line with the Investment Strategy Statement on a timely basis.	- Loss of economic benefit to the Fund	-Stringent cash management -Clear inter-team Communication

9. Effective date and reviews

- 9.1. The policy was first approved by the Pension Fund Committee on 23 March 2019 and was effective from 24 March 2019. The policy has since been subject to the following reviews:

Date of review	Policy effective date:
28 June 2023	29 June 2023

10. Glossary

Custodian – An external body responsible for ensuring the investing Fund’s assets are registered in the name of the Fund, managing the settlement of trades, collecting income arising and reporting transactions and values to the Fund on a regular basis.

Deficit – An outcome where expenses exceed income.

Investment Manager – An external organisation that makes investments in assets on behalf of clients.

Money Market – A mutual fund that invests in cash and cash equivalent securities.

Surplus – An outcome where income exceeds expenditure.

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Cash Management Strategy

Published ~~XX23rd~~ ~~XXX~~ ~~March~~

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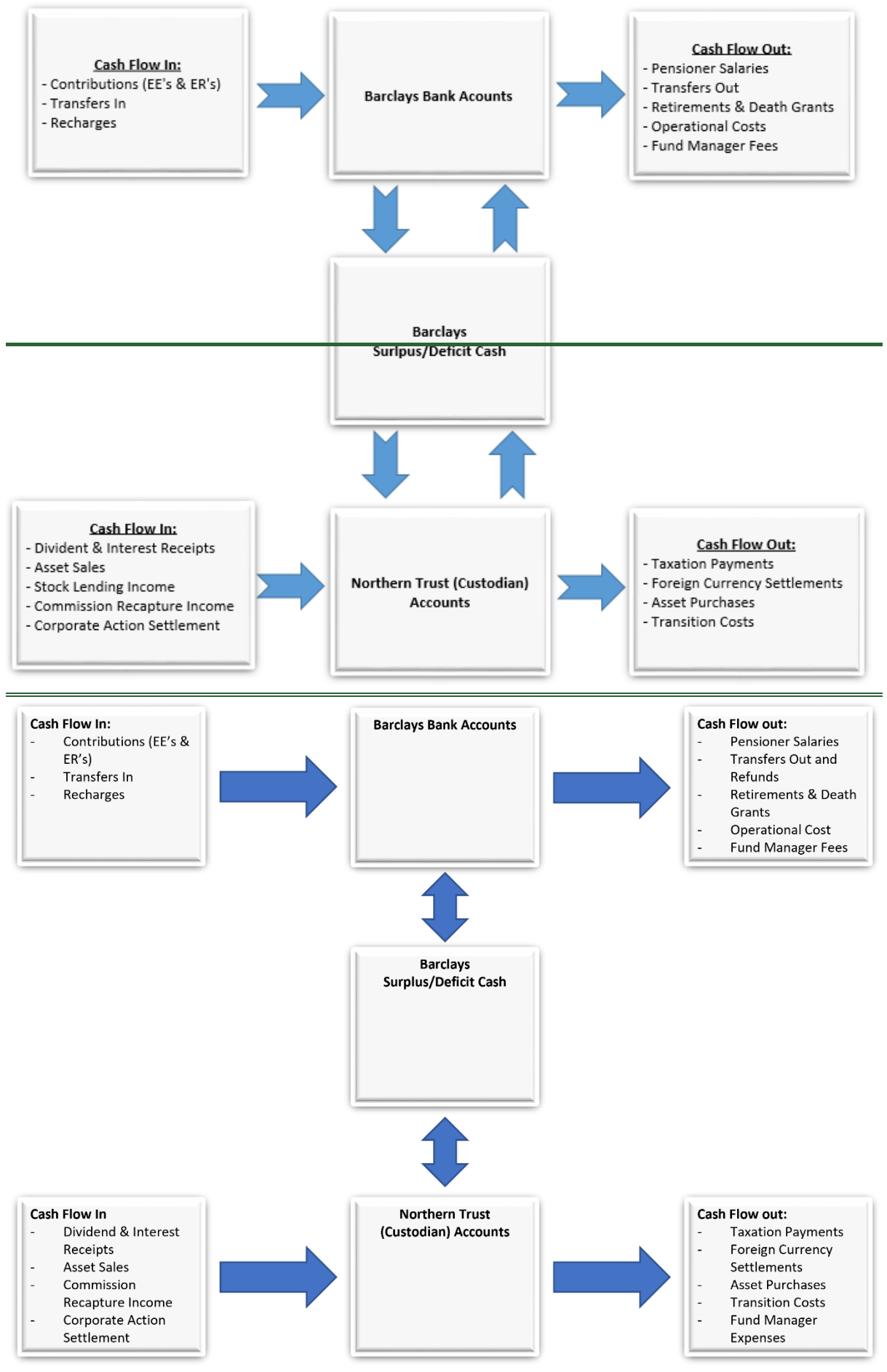
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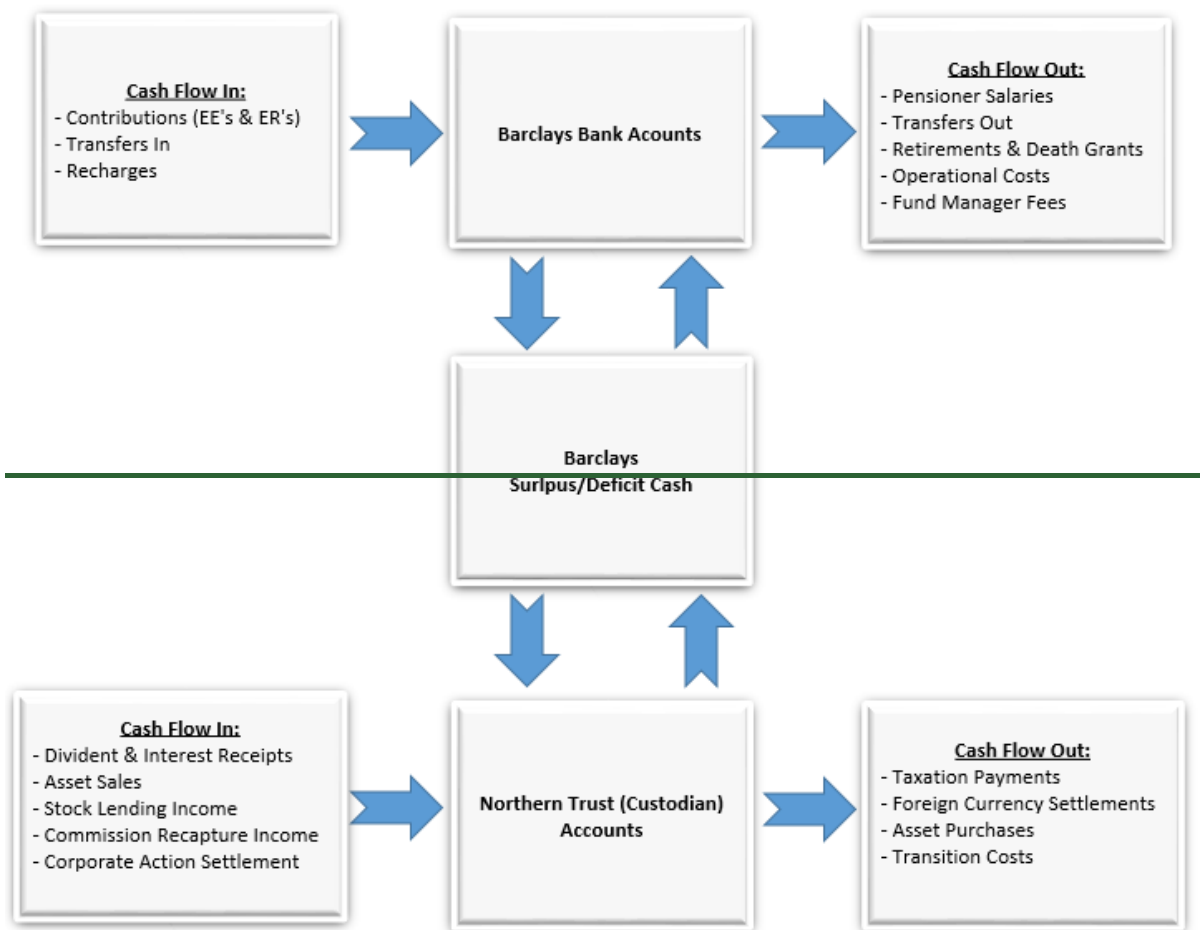
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Northamptonshire Pension Committee/Investment Sub Committee Agenda Plan

Meeting date	Agenda item	Lead officer
28 June 23 PC	Administration Report [standing item]	M Oakensen
	Business Plan Update [standing item]	M Whitby
	Governance and Compliance Report [standing item]	M Oakensen
	Employer Admission and Cessation Report [standing item]	C Blose
	Cash Management Strategy [approval]	M Whitby
	Risk Monitoring [to note] exempt	M Oakensen
	ACCESS Update [standing item] exempt	M Whitby
24/7/2023 PC	External Audit Plan and Draft Accounts [to note]	F Coates
	Annual Investments Review [to note] exempt	B Barlow
	Mercer Annual Report [to note] exempt	B Barlow
27/09/2023 ISC	Quarterly Performance [standing item]	B Barlow
	Long Lease Property Manager Selection Update / Decision [approval] exempt	B Barlow
	Fund Manager Presentation [to note] exempt	B Barlow
	Strategic Asset Allocation Update [to note]	B Barlow
	Climate Passive Update [to note]	B Barlow
2/10/2023 PC	Administration Report [standing item]	M Oakensen
	Business Plan Update [standing item]	M Whitby

Meeting date	Agenda item	Lead officer
	Governance and Compliance Report [standing item]	M Oakensen
	Employer Admission and Cessation Report [standing item]	C Blose
	Final Accounts and Audit Results [approval]	F Coates
	Good Governance Review Action plan [to note]	M Oakensen
	AVC Review [approval] - exempt	M Oakensen
	Code of Practice Action Plan [to note]	M Oakensen
	Revised Investment Strategy Statement [approval] – exempt	B Barlow
	ACCESS Update [standing item] exempt	M Whitby
22/11/2023 ISC	Quarterly Performance [standing item]	B Barlow
	Stewardship Report [to note]	B Barlow
	Fund Manager Presentation [to note] exempt	B Barlow
	Strategic Asset Allocation Update [to note]	B Barlow
	Equity Portfolio Review [approval]	B Barlow
	Impact Investments in Private Markets [to note]	B Barlow
14/12/2023 PC	Administration Report [standing item]	M Oakensen
	Business Plan Update [standing item]	M Whitby
	Governance and Compliance Report [standing item]	M Oakensen

Meeting date	Agenda item	Lead officer
	Employer Admission and Cessation Report [standing item]	C Blose
	Administration Strategy [approval]	C Blose
	Northamptonshire Pension Fund assurance report on potential breaches of the law [to note]	M Oakensen
	Risk Monitoring [standing item] – exempt	M Oakensen
	ACCESS Update [standing item] exempt	M Whitby
06/3/2024 ISC	Quarterly Performance [standing item]	B Barlow
	Fund Manager Presentation [to note] exempt	B Barlow
	Annual Climate Reporting and Metrics Update [to note]	B Barlow
27/3/2024 PC	Administration Report [standing item]	M Oakensen
	Business Plan Update [standing item]	M Whitby
	Governance and Compliance Report [standing item]	M Oakensen
	Employer Admission and Cessation Report [standing item]	C Blose
	Governance Policy and Compliance Statement [approval]	M Oakensen
	ACCESS Update [standing item] exempt	M Whitby

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