



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 Monday 24 July 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.	Chair's Announcements To receive communications from the Chair.
4.	Minutes (Pages 5 - 10) To confirm the Minutes of the meeting of the Committee held on 28 June 2023.
5.	Review of Employer Contributions (Pages 11 - 18)
6.	Training Strategy (Pages 19 - 44)
7.	Northamptonshire Pension Fund Audit Plan 2022-23 (Pages 45 - 72)
8.	Draft Annual Report and Statement of Accounts 2022-23 (Pages 73 - 162)
9.	Northamptonshire Pension Fund Forward Agenda Plan (Pages 163 - 166)

<p>10.</p>	<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>
<p>11.</p>	<p>Minutes of the Pension Fund Committee Meeting held in Private on 28 June 2023 (Pages 167 - 168)</p>
<p>12.</p>	<p>Review of the Action Log (Pages 169 - 170)</p>
<p>13.</p>	<p>Annual Investment Review (Pages 171 - 198)</p>
<p>14.</p>	<p>Annual Investment Consultancy Provider Review (Pages 199 - 214)</p>
<p>15.</p>	<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>

Catherine Whitehead
Proper Officer
14 July 2023

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

Elnora Latchman

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:

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Email: democraticservices@westnorthants.gov.uk

Or by writing to:

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One Angel Square
Angel Street
Northampton
NN1 1ED



Pensions Fund Committee

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

Present:

Councillor Malcolm Longley (Chair)

Councillor Phil Bignell
 Councillor Lloyd Bunday
 Councillor Janice Duffy
 Councillor Jamie Lane
 Councillor Graham Lawman
 Councillor Peter Matten
 Andy Langford
 Elnora Latchman

Apologies for Absence:

Councillor Charles Morton
 Councillor Cathrine Russell
 Robert Austin
 Peter Borley-Cox
 Paul Wheeler

Officers:

Mark Whitby, Head of Pensions
 Michelle Oakensen, Governance and Regulations Manager
 Ben Barlow, Funding and Investment Manager
 Cory Blöse, Employer Services and Communications Manager
 James Smith, Assistant Director - Finance (Strategy)
 Jeverly Findlay, Committee Officer

150. **Declarations of Interest**

Andy Langford and Elnora Latchman declared a personal interest as a member of LGPS. Councillors Phil Bignell and Graham Lawman disclosed personal interests as their wives were deferred members of the LGPS.

151. **Minutes**

RESOLVED:

That the minutes of the Investment sub-committee of 29 March 2023 be approved and signed as a correct record

152. **Chair's Announcements**

The Chair announced that at the next meeting the Committee would be asked to consider whether the Pension Fund Committee meetings could be held at 2pm.

153. **Administration Report**

The Governance and Regulations Manager presented the report and advised that most of the key performance indicators had been met over the period, 5 had been missed, one of which was 1 red and the other 4 were amber. Following a successful recruitment process there were six new starters in a team of nine. As these new starters had recently commenced in their roles their inexperience had affected the performance, over time their skills and knowledge would increase, and the performance issue would be addressed. There was an increase of individuals changing jobs after the pandemic, and also a number of people in the team currently on maternity leave or due to go on maternity leave, as well as an isolated case of long term sickness. The risk relating to the capacity of the team was included in the risk register.

The new performance indicator development was on track and testing had commenced that week. It was expected that the first statistics would be able to be brought to Committee in October.

For the first time in over a year the receipt of employee and employer contributions had not been 100% and this would continue to be monitored. The contributions received on time in March had been 99.4%.

Referring to the Data Improvement Plan set out in appendix 4, the Governance and Regulations Manager advised that there were three key areas regarding data quality improvement: Common data, Guaranteed Minimum Pension rectification and the unprocessed leaver records.

Further to an enquiry in relation to concerns regarding the performance, the Head of Pensions pointed out that the average was taken over a month not three months. Some of the ambers were due to tight deadlines around cases and the pension team had a 5 day turnaround which was much tighter than other pensions schemes. There were the correct number of employees in the team but they lacked experience. A request was made for the time period of the report to be included in the title.

Councillor Matten enquired as to why the data validation of 3,800 records had no resolution timescale and why this number of records needed to be corrected. The common data issue stemmed from losing contact with members of the scheme who had moved house and it was a common data problem for pension services. The Head of Pensions advised that the unprocessed leaver records were not a new issue and had been reported to the Committee for years; it was also included in the business plan, it was often very time consuming and complex to agree data between different parties and technical queries may need to be referred on.

The Employer Services and Communications Manager added that sometimes the notifications regarding leavers dates were received later than required and he was working on this from a communications perspective.

RESOLVED: That the Pension Fund Committee note the report.

154. **Business Plan Update**

The Head of Pensions updated the progress made on the key activities for the period, namely the procurement of new software. Submissions had been received from more than one supplier. There were 2 ambers referred to in the report in section 2.3, which were due to a change of control of the advisor MJ Hudson in the ACCESS asset pool and the processing of undecided leavers. The processing of undecided leavers was amber as the Government's Actuary's Department had changed the discount rate and this had impacted on the factors involved in many benefit calculations, including transfer calculations required for leavers with less than 2 years service. All pension funds were in the same position and it effected business as usual and backlogs. When the new factors were received it was expected that over a thousand cases would be able to be processed in bulk. The Benefits and Governance Advisor had been asked to review the processes to ensure that they were as efficient as possible.

Further to an enquiry, it was noted that the key milestones in 6.1 and 6.2 had been completed and the investment into M & G was happening that week.

RESOLVED: That the Pension Fund Committee note the Business Plan Update.

155. **Governance and Compliance Report**

The Governance and Regulations Manager reported that the Government had revised the guidelines with regard to the Pension Dashboard Programme and the new connection deadline was now 31st October 2026. Collaboration within the industry was being encouraged and further guidance was expected later in the year. Preparation was ongoing with data cleansing including the data improvement plan activities and whether the AVC providers would need to display the information separately.

With regard to the McCloud Remedy the second consultation had been issued on 30 May and would close on 30 June. The focus was on scheme regulations and removing discrimination. The response would include comments regarding the excess teacher service. The Local Government Association had published their response that day.

The service needed to consider member awareness and engagement in response to the gender pensions gap report and a further SAB report was due later in the year.

The Governance and Regulations Manager asked the Committee to agree the changes set out in the table in section 6.5 which were immaterial amendments to policies.

New Members would be sent their log in details for the online training portal in the next few days. It was noted that the Training Strategy would be considered at the committee in July.

Further to an enquiry from Councillor Matten, the Head of Pensions advised that the most common Freedom of Information requests were with regard to investments. Information for common FOIs had been included on the Fund's website but obviously information that was commercially sensitive could not be shared.

RESOLVED:

That the Pension Fund Committee note the Governance and Compliance Report and note the immaterial amendments to be applied to the policies in section 6.5.2.

156. **Employers Admissions and Cessations**

The Employer Services and Communications Manager advised that there had been an admission of two transferee admission bodies across three admission agreements and they were asked to approve the sealing of the admission agreements.

The Committee were advised of the exit of nine employers from the Fund. With regard to the risks being amber, this was due to the impact and was based on a worst case scenario, as sometimes employers failed. There were 200 different employers in the scheme and if they could not pay this would become a liability.

It was noted that the previous authority of the Borough Council of Wellingborough was incorrectly referred to as the Wellingborough Borough Council.

RESOLVED:

(i) That the Pension Fund Committee note the admission of the following admitted bodies to the Northamptonshire Pension Fund and approved the sealing of the following admission agreements;

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

(ii) That the Pension Fund Committee 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**

157. **Cash Management Strategy**

The Head of Pensions advised that a review of the Cash Management Strategy had been undertaken and outlined the changes being proposed as set out in table 2.1.

RESOLVED:

That the Committee approve the updates to the Cash Management Strategy.

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

The Governance and Regulations Manager drew Members' attention to the Pension Fund Forward Agenda Plan.

RESOLVED:

That the Northamptonshire Pension Fund Forward Agenda Plan be noted.

159. **Exclusion of Press and Public**

RESOLVED: That Under Section 100A of the Local Government Act 1972, the Local Pension Board agreed that the public be excluded from the meeting for the following items of business on the grounds that if the public were present it would be likely that exempt information under Part 3 of Schedule 12A to the Act would be disclosed to them.

The meeting closed at 5.05 pm

Chair: _____

Date: _____

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West Northamptonshire Council

Pension Committee

24 July 2023

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund – Review of Employer Contribution Rates Policy
Report Author	Cory Blose Employer Services and Communications Manager Manager,Cory.Blose@westnorthants.gov.uk

Contributors/Checkers/Approvers

MO	Sarah Hall on behalf of Catherine Whitehead	
S151	James Smith on behalf of Martin Henry	07/07/2023
Head of Pensions	Mark Whitby	26/06/2023

List of Appendices

Appendix A – Review of Employer Contribution Rates Policy

1. Purpose of Report

1.1. To present and seek approval of the Review of Employer Contribution Rates policy

2. Executive Summary

- 2.1 This report seeks approval of the draft policy on the circumstances under which the Fund may review employer contribution rates between triennial valuations.
- 2.2 The policy was previously approved as part of the 2019 Funding Strategy Statement.
- 2.3 The Committee was previously advised that when reviewing the Funding Strategy Statement for the 2023 valuation the policy had been slimmed down to a set of core policies related to the valuation and that other supplemental policies would be turned into stand alone policy documents.
- 2.4 The policy has been lifted directly from the Funding Strategy Statement. There are some minor changes to make the policy work as a standalone document and remove out of date references but the substance and effect of the policy has not been changed.

3. Recommendations

- 3.1 The Pension Committee is asked to approve the Review of Employer Contribution Rates policy.

4. Report Background

- 4.1 In September 2020 the LGPS Regulations 2013 were amended to allow the Fund to recalculate employer contribution rates outside of the formal triennial valuation.
- 4.2 In March 2021 the Pension Fund Committee approved an update to the 2019 Funding Strategy Statement to include a policy on the review of employer contribution rates.
- 4.3 Following the review of the Funding Strategy Statement as part of the 2022 valuation it was decided to focus on core valuation related policies in that document and to separate other policies such as this and the Fund's Cessation policy into stand alone documents.

5. Issues and Choices

- 5.1 In general the policy states that the Fund will only consider an amendment to contribution rates between valuations as a result of significant changes to the liabilities or covenant of an employer. It also confirms that the Fund will consider requests from employers to review their contribution rates but only where there is a material change in the strength of covenant and/or the ability of the employer to pay their contributions or where there is a significant restructure which impacts their membership and consequently liabilities in the Fund.
- 5.2 The policy has not been materially changed from what was previously agreed by the Committee. There are some minor changes to restructure the policy and add additional sections so the policy works as a stand-alone document. There are also some minor changes to remove an out of date reference to the unknown impact of McCloud policy and removal of a sentence that does not fully reflect statutory guidance.
- 5.3 The text in **bold** has been removed from the fourth bullet point under section 3.1 of the policy as this is no longer relevant. The anticipated impact of McCloud has been accounted for as part of the 2022 valuation.

*there are changes to the benefit structure set out in the LGPS Regulations **including the outcomes of the McCloud case and cost sharing mechanisms (if permitted in Regulation at that time)** which have not been allowed for at the last valuation;*

- 5.4 The following text has been removed from section 3.4 of the policy as this does not fully reflect statutory guidance that changes in markets and asset values should not be considered when reviewing contribution rates between valuations.

However, if a contribution change is proposed, this may take account of changes in markets and asset values since the last formal valuation.

- 5.5 The following wording has also been added under section 3.2 of the policy to provide instructions to employers regarding the information that would need to be provided alongside a request to review their contribution rates.

The administering authority will require additional information to support a contribution review made at the employer's request. The specific requirements will be confirmed following any request and this is likely to include the following:

- *a copy of the latest accounts;*
- *details of any additional security being offered (which may include insurance certificates);*
- *budget forecasts;*
- *and/or information relating to sources of funding*

5.6 The following section has been added to section 3.5 of the policy to confirm what documentation the Fund will provide following a review of an employer's contribution rate.

3.5 Documentation

Where revisions to contribution rates are necessary, the fund will provide the employer with a note of the information used to determine these, including:

Explanation of the key factors leading to the need for a review of the contribution rates, including, if appropriate, the updated funding position.

A note of the new contribution rates and effective date of these.

Date of next review.

Details of any processes in place to monitor any change in the employer's circumstances (if appropriate), including information required by the administering authority to carry out this monitoring.

The Rates & Adjustments certificate will be updated to reflect the revised contribution rates.

6 Implications (including financial implications)

6.1 Resources and Financial

6.1.1 There are no resources or financial implications arising from the proposals.

6.2 Legal

6.2.1 There are no legal implications arising from the proposals.

6.3 Risk

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

Risk	Residual risk rating
Failure to respond to changes in economic conditions	Amber
Fund assets are not sufficient to meet obligations and liabilities	Amber
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

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

6.4 Relevant Pension Fund Objectives

6.4.1 The following objectives have been considered in this report -

- 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.
- 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.
- Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- Ensure appropriate exit strategies are put in place in both the lead up to and termination of a scheme employer.

6.5 Consultation

6.5.1 Not applicable.

Review of Employer Contribution Rates Policy 2023

DRAFT



1 Introduction

This is the Review of Employer Contribution Rates Policy for the Northamptonshire Pension Fund, administered by West Northamptonshire Council (the administering authority). The purpose of this policy is to set out the administering authority's approach to reviewing contribution rates between triennial valuations.

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate.

1.1 Policy objectives

The administering authority's aims and objectives related to this policy are as follows:

- To provide employers with clarity around the circumstances where contribution rates may be reviewed between valuations.
- To outline specific circumstances where contribution rates will not be reviewed.

1.2 Background

The fund may amend contribution rates between valuations for 'significant change' to the liabilities or covenant of an employer.

Such reviews may be instigated by the fund or at the request of a participating employer.

Any review may lead to a change in the required contributions from the employer.

1.3 Guidance and regulatory framework

[Regulation 64](#) of the Local Government Pension Scheme Regulations 2013 (as amended) sets out the way in which LGPS funds should determine employer contributions, including the following;

- Regulation 64 (4) – allows the administering authority to review the contribution rate if it becomes likely that an employer will cease participation in the Fund, with a view to ensuring that the employer is fully funded at the expected exit date.
- Regulation 64A - sets out specific circumstances where the administering authority may revise contributions between valuations (including where a review is requested by one or more employers).

This policy also reflects statutory guidance from the Department for Levelling Up, Housing and Communities on preparing and maintaining policies relating to the review of employer contributions. Interested parties may want to refer to an accompanying guide that has been produced by the Scheme Advisory Board.

1.4 Effective Date and Reviews

The policy was first approved by the Pension Committee on 3 July 2023 and was effective from 4 July 2023. The policy will be reviewed every three years, and if necessary more frequently to ensure it remains accurate and relevant.

2 Statement of principles

This Statement of Principles covers review of contributions between valuations. Each case will be treated on its own merits, but in general:

- The administering authority reserves the right to review contributions in line with the provisions set out in the LGPS Regulations. It will also consider requests from employers to do so.
- The decision to make a change to contribution rates rests with the administering authority, subject to consultation with employers during the review period.
- Full justification for any change in contribution rates will be provided to employers.

- Advice will be taken from the fund actuary in respect of any review of contribution rates.
- Any revision to contribution rates will be reflected in the Rates & Adjustment certificate.

3 Policy

3.1 Circumstances for review

The fund would consider the following circumstances as a potential trigger for review:

- in the opinion of an administering authority there are circumstances which make it likely that an employer (including an admission body) will become an exiting employer sooner than anticipated at the last valuation;
- an employer is approaching exit from the fund within the next two years and before completion of the next triennial valuation;
- an employer agrees to pay increased contributions to meet the cost of an award of additional pension, under Regulation 31(3) of the Regulations;
- there are changes to the benefit structure set out in the LGPS Regulations which have not been allowed for at the last valuation;
- it appears likely to the administering authority that the amount of the liabilities arising or likely to arise for an employer or employers has changed significantly since the last valuation;
- it appears likely to the administering authority that there has been a significant change in the ability of an employer or employers to meet their obligations (e.g. a material change in employer covenant, or provision of additional security);
- it appears to the administering authority that the membership of the employer has changed materially such as bulk transfers, significant reductions to payroll or large-scale restructuring; or
- where an employer has failed to pay contributions or has not arranged appropriate security as required by the administering authority.

The administering authority appreciates that many of these triggers are at its discretion, however employers can be assured that in practice this would only be considered where it appears that changes in liabilities and/or the employer's circumstances (and not just changes in assets/markets) since the last valuation have caused the required employer contribution rate to move significantly from the current rate.

In any event, the Administering Authority would engage with the employer at the earliest possible stage: this would involve discussion of possible contribution reviews and their rationale, the likely impact, possible alternative action by the employer, etc – the aim would be to ensure the employer is fully informed and given time to engage and plan for any potential contribution rate change well in advance.

3.2 Employer requests

The administering authority will also consider a request from any employer to review contributions where the employer has undertaken to meet the costs of that review and sets out the reasoning for the review (which would be expected to fall into one of the above categories, such as a belief that their covenant has changed materially, or they are going through a significant restructuring impacting their membership).

The administering authority will require additional information to support a contribution review made at the employer's request. The specific requirements will be confirmed following any request and this is likely to include the following:

- a copy of the latest accounts;
- details of any additional security being offered (which may include insurance certificates);

- budget forecasts; and/or
- information relating to sources of funding.

The costs incurred by the administering authority in carrying out a contribution review (at the employer's request) will be met by the employer. These will be confirmed upfront to the employer prior to the review taking place.

3.3 Other employers

When undertaking any review of contributions, the administering authority will also consider the impact of a change to contribution rates on other fund employers. This will include the following factors:

- The existence of a guarantor.
- The amount of any other security held.
- The size of the employer's liabilities relative to the whole fund.

The administering authority will consult with other fund employers as necessary.

3.4 Effect of market volatility

Except in circumstances such as an employer nearing cessation, the administering authority will not consider market volatility or changes to asset values as a basis for a change in contributions outside a formal valuation.

3.5 Documentation

Where revisions to contribution rates are necessary, the fund will provide the employer with a note of the information used to determine these, including:

- Explanation of the key factors leading to the need for a review of the contribution rates, including, if appropriate, the updated funding position.
- A note of the new contribution rates and effective date of these.
- Date of next review.
- Details of any processes in place to monitor any change in the employer's circumstances (if appropriate), including information required by the administering authority to carry out this monitoring.

The Rates & Adjustments certificate will be updated to reflect the revised contribution rates.

4 Related Policies

The Fund's Funding Strategy Statement should be read in conjunction with this document. In particular, exiting employers should familiarise themselves with:

- Section 2 – How does the fund calculate employer contributions?
- Appendix D – Actuarial assumptions (specifically section D5)



West Northamptonshire Council

Pension Committee

24 July 2023

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund Training Strategy
Report Author	Michelle Oakensen Governance and Regulations Manager michelle.oakensen@westnorthants.gov.uk

Contributors/Checkers/Approvers

MO	Sarah Hall on behalf of Catherine Whitehead	
S151	James Smith on behalf of Martin Henry	07/07/2023
Head of Pensions	Mark Whitby	16/6/2023

List of Appendices

Appendix A - Northamptonshire Pension Fund Training Strategy – clean version

Appendix B- Northamptonshire Pension Fund Training Strategy – tracked version

1. Purpose of Report

1.1 To provide the Pension Committee with an adequate Training Strategy for approval.

2. Executive Summary

2.1 This report provides the Pension Fund Committee with proposed changes to the Training Strategy since the last review in December 2021.

3. Recommendations

3.1 The Pension Committee is asked to approve the Northamptonshire Pension Fund Training Strategy.

4. Report Background

4.1 The Training Strategy is required to assist the Pension Committee, Local Pension Board and senior officers of the Northamptonshire Pension Fund to ensure the Fund is managed and assisted by individuals who have the appropriate level of knowledge and skills as required by the Pensions Act 2004 and as enforced by the Pensions Regulator.

The Training Strategy was originally approved on 16 December 2016 and has subsequently been reviewed in December 2018 and December 2021 with each update published on the Pension Service website.

4.2 Due to the change in approach to the Fund core training requirements it has been appropriate for officers to review the strategy to ensure the new approach is reflected appropriately and expectations are clear.

5. Issues and Choices

5.1 Proposed revisions to the Strategy

5.1.1 As a result of the review the following key revisions have been incorporated into the revised strategy which can be found in appendix A.

Section no.	Section title	Proposed revision
1.	Effective date	Updated the section to include standard review table adopted for all policies and strategies to show a clear timeline of events.
5.	CIPFA Knowledge and Skills Framework	Updated the section to include a reference to the Hymans Robertson Online Training Academy and confirms training is based on the CIPFA Skills and Knowledge Framework.
		Updated the section to include a reference to the current issues modules which are supplementary to the Framework.
7.	The Pensions Regulator's E-learning toolkit	Added into the section the requirement for the toolkit to be completed within 6 months of appointment.
10.	Delivery of Training	Added into the section the Hymans Robertson Online Training Academy delivery approach.
11.	How training will be monitored	Added into the section the functionality of progress reports produced within the platform and the monitoring of Officers and Chairs of the respective Committee or Board.
12.	Measurement	Added into the section timescales for completion of training as follows: <ul style="list-style-type: none"> • Pension Regulator's toolkit to be completed within 6 months of appointment • Online Training Academy mandatory modules to be completed within 12 months of appointment or from approval of the Strategy for current members • Current issues modules to be undertaken within 3 months of release/access to the platform.
13.	Maintaining Knowledge	Added into the section confirmation that members will be asked to review the platform at the end of the 12-month period from the date of the strategy approval and this will denote the preferred route for continual mandatory training going forwards.
14.	Risk Management	Updated the section to reflect timescales for completion to ensure the Committee and Board have the appropriate skills and knowledge to undertake their roles effectively.

5.3 The strategy will be reviewed again once the Scheme Advisory Board and the Department for Levelling Up, Housing and Communities have published final guidance as a result of the Good Governance Review and also when the Pensions Regulator new singular Code of Practice comes into force.

6. Local Pension Board review

6.1 The Local Pension Board reviewed the proposed Strategy on 29 June 2023 and made no further recommendations.

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 None.

7.3 Risk

7.3.1 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

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 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 Not required.

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Training Strategy

2023

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1. Introduction

- 1.1 This is the Training Strategy for the Northamptonshire Pension Fund.
- 1.2 The Training Strategy is established to aid members of the Pensions Committee and Local Pension Board as well as Fund Officers and the Section 151 Officer in performing and developing in their roles and to equip them with the necessary skills and knowledge to act effectively in line with their responsibilities. Local Government Pension Scheme (LGPS) Funds are expected to follow the CIPFA Knowledge and Skills Framework.
- 1.3 The objective of CIPFA’s Knowledge and Skills Framework is to determine and set out the knowledge and skills sufficient to enable the effective analysis and challenge of decisions made by Officers and advisers to the Fund.
- 1.4 This Training Strategy takes into consideration the requirements of the pending Scheme Advisory Board Good Governance Review, the Pensions Regulator’s Code of Practice and the Markets in Financial Instruments Directive (MiFID II) in addition to the requirements of the CIPFA Knowledge and Skills Framework requirements to ensure it encompasses best practice.

2. Fund Objectives

- 2.1 The Northamptonshire Pension Fund objectives relating to knowledge and skills are to:
- 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 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.

3. Effective date and reviews

- 3.1 The Strategy was first approved by the Pension Fund Committee on 16 December 2016 and was effective from 17 December 2016. The Strategy has since been subject to the following reviews:

Date of review	Strategy effective date:	Review type
14 December 2018	15 December 2018	Committee
15 December 2021	16 December 2021	Committee
24 July 2023		Committee

- 3.2 This Strategy will be reviewed by the Pension Committee every three years, and if necessary, more frequently to ensure it remains accurate and relevant. Officer reviews will be conducted on an annual basis.

4. CIPFA’s Code of Practice on Public Sector Pensions Finance, Knowledge and Skills (the “Code of Practice”)

4.1 CIPFA’s Code of Practice, was first issued in 2013, and embedded the requirements for the adequacy, acquisition, retention and maintenance of appropriate knowledge and skills required. It recommends (amongst other things) that LGPS administering authorities:

- Formally adopt the CIPFA Knowledge and Skills Framework in its knowledge and skills statement;
- Ensure the appropriate policies and procedures are put in place to meet the requirements of the Framework (or an alternative training programme);
- Publicly report how these arrangements have been put into practice each year.

4.2 The Code of Practice has been updated in 2021 and provides an overview of the standards that all CIPFA members must adhere to when administering and managing pension funds and benefits on behalf of employee’s and scheme members. The code includes focus on the increasing need for knowledge and skills and ongoing maintenance of this knowledge.

5. CIPFA Knowledge and Skills Framework

5.1 In July 2021, CIPFA published its revised Knowledge and Skills Framework aimed at Pension Committee and Board members as well as senior officers. The contents of the framework have been updated with transparency in mind with particular emphasis on decision makers.

5.2 The principles of the guide include the need for formal objectives, policies, practices and strategies concerning knowledge and skills of those responsible for the fund. Administering authorities must maintain effective, ongoing maintenance and development of knowledge, addressing gaps where required and increasing skills as appropriate.

5.3 The Knowledge and Skills Framework accompanies the updated Code of Practice on LGPS Knowledge and Skills.

5.4 Northamptonshire Pension Fund has adopted the Hymans Robertson Online Training Academy to deliver training that mirrors the Knowledge and Skills Framework.

The areas covered are as follows:

- Committee Role and Pensions Legislation.
- Pensions Governance.
- Pensions Administration.
- Pensions Accounting and Audit Standards.
- Procurement and Relationship Management.
- Investment Performance and Risk Management.
- Financial Markets and Product Knowledge.
- Actuarial methods, Standards and Practice.

5.5 There are also current issues modules which are regularly updated and includes topics such as Pensions Dashboard, GAD Section 13 and Cyber Risk which are supplementary to the Framework.

6. The Scheme Advisory Board – Good Governance Review

6.1 Proposals as a result of the good governance review emphasise the need for increased governance around the management of skills and knowledge. The review has proposed the following actions:

- To introduce a requirement in the Statutory Guidance to be issued by the Department for Levelling Up Housing and Communities (DLUHC) that key individuals within the LGPS, including LGPS officers and pensions committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively.
- To introduce a requirement for S151 officers to carry out LGPS relevant training as part of CPD requirements to ensure good levels of knowledge and understanding.
- For administering authorities to publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.
- For CIPFA and other relevant professional bodies to be asked to produce appropriate guidance and training modules for s151 officers and to consider including LGPS training within their training qualification syllabus.

7. The Pensions Regulator’s E-learning toolkit

7.1 The Regulator has an online tool designed to help those running public service schemes to understand the governance and administration requirements in the public service schemes Code of Practice. The toolkit is an easy to use resource and covers 7 compulsory short modules. These are:

- Conflicts of Interests.
- Managing Risk and Internal Controls.
- Maintaining Accurate Member Data.
- Maintaining Member Contributions.
- Providing Information to Members and Others.
- Resolving Internal Disputes.
- Reporting Breaches of the Law.

7.2 These modules are designed to apply to all public service schemes and are not LGPS specific.

7.3 Completion of the toolkit in conjunction with the CIPFA core competencies will provide Pension Committee and Local Pension Board members with a good grounding for their respective roles. Officers will issue details of the toolkit upon appointment and will request this to be completed within 6 months.

8. Markets in Financial Instruments Directive II (MIFID II)

- 8.1 The Northamptonshire Pension Fund need to demonstrate a high level of skills and knowledge across the Committee and Board to enable the Fund to opt-up and be recognised as an professional investor rather than a retail investor to continue to receive advice and access to investment products at a level commensurate with the types of investment required for the Fund.
- 8.2 Failure to adequately demonstrate a high level of collective skills and knowledge across the Pension Committee and Local Pension Board could result in the loss of professional investor status and therefore access to the appropriate investment opportunities.

9. Meeting the deliverables in the Annual Business Plan and Medium-Term Strategy

- 9.1 There will be times when targeted training will need to be delivered in order to assist the Pension Committee and Local Pension Board in their roles in connection with the key deliverables as detailed in the Annual Business Plan and Medium Term Strategy.
- 9.2 These deliverables include, but are not limited to, activity such as the review and approval of the Funding Strategy Statement as part of the triennial Actuarial Valuation and Responsible Investing as part of the Investment Strategy Statement. Specific training in relation to these matters will be delivered at the appropriate times to ensure effective decisions are made.

10. Delivery of training

- 10.1 The Hymans Robertson online platform is designed to support the training needs of Pension Committees, Pension Boards and Fund Officers, and is designed to supplement training plans. The learning consists of a series of short video presentations with supplemental learning materials and quizzes. The training is delivered in an efficient and engaging way in order that member can access it when convenient.
- 10.2 The training consists of the 8 CIPFA Framework topics and current issues facing the LGPS.
- 10.3 The completion of the Online Training Academy modules and the Pensions Regulator e-learning programme are a compulsory requirement of the Training Strategy.
- 10.4 The online platform will be regularly updated, and members will be notified of the updates via email.
- 10.5 In addition to the compulsory training above, the following training is also encouraged -
- In-house and shared training events with Cambridgeshire Pension Fund where it improves economy, efficiency and effectiveness.
 - Self-improvement and familiarisation with regulations and documents.
 - Attending relevant courses, seminars and external events.
 - Internally developed training days and pre/post meeting sessions.
 - Shared training with other Funds or Asset Pools.
 - Regular updates from officers and/or advisers.
 - Circulated reading material.

11. How training will be monitored

- 11.1 Detail of Pension Committee and Board member training that is undertaken will be recorded and provided to the Chair on an annual basis. Any individual that has not completed the core training will be encouraged to do so. The Chair will have discretion regarding appropriate action if an individual does not undertake the minimum requirements.
- 11.2 Progress reports provide the following information:
- Enrolment status of each of the 8 modules in the learning plan and the Introduction and Current Issues module.
 - The date each course was first accessed.
 - The date each course was last accessed.
 - The date the user was enrolled on a course.
 - The final score a user received on a course knowledge check.
 - How much of the course has been completed.
- 11.3 Additional training undertaken outside of the platform will be added to form a training record for consistency and ease of reference for Officers and Members.

12. Measurement

- 12.1 In order to identify whether the objectives of this Strategy are being met, officers will:
- 1) Monitor the attendance of training on a regular basis.
 - 2) Ensure the Pension Regulators Toolkit is offered shortly after appointment and request it is undertaken within 6 months.
 - 3) Actively encourage Committee and Board members participate in the Online Training Academy and complete the 8 core modules within 12 months of appointment or from approval of the Strategy for current members
 - 4) Current issues modules should be undertaken within 3 months of release/access to the platform.
 - 5) Monitor the attendance at meetings where training items are being delivered.
 - 6) Manage areas where individuals feel additional support is required.

13. Maintaining knowledge

- 13.1 In addition to undertaking ongoing training on the CIPFA skills and knowledge requirements via the online platform, Committee and Board members are expected to maintain their knowledge of ongoing development through attendance at internal/external events and seminars where appropriate.
- 13.2 Appropriate attendance at events for representatives of the Pension Board and Pension Committee will be determined by officers of the Fund.
- 13.3 Owing to the changing world of pensions, it will also be necessary to have ad hoc training on emerging issues or on a specific subject on which a decision it to be made in the near future.

13.4 Members and Officers using the platform will be asked to review their experience of the platform at the end of the 12-month period from the date of the strategy approval. The feedback received will denote the preferred route for continual mandatory training going forwards.

14. Risk Management

14.1 The risks associated with the delivery of a successful training Strategy is as follows:

Risk	Mitigation
Frequent changes in membership of the Pension Committee or Pension Board	Training Strategy in operation and reviewed regularly, with the Pension Regulators to be undertaken within 6 months of appointment and core mandatory framework modules to be undertaken within 12 months of appointment or approval of the Strategy. With current issues training undertaken within 3 months of release/access to the platform and other supplementary training undertaken when available.
Poor individual commitment	Attendance and training is monitored by officers of the Fund and the Chair of the Committee/Board. Attendance is reported in the Fund's Annual Report and Statement of Accounts and the Committee and Board Annual Reports are presented to Full Council. Both lack of attendance and lack of training is addressed with the individual when deemed appropriate.
Resources not being available	Additional training opportunities will be highlighted to the Committee and Board via the Governance and Compliance Report.
Poor standards of training	Where appropriate external advisors who are experts in their field deliver training to cover the CIPFA skills and knowledge framework. Other in-house training is delivered by officers with specific knowledge in a particular area. External courses are vetted to ensure they are relevant before being added to the list of courses available. Feedback is sought after events are attended.

14.2 The risks will be monitored within the scope of the Training Strategy and the risk register will be amended where appropriate.

15. Reporting

- 15.1 Training events will be highlighted at every meeting as part of the Governance and Compliance Report, Committee and Board members are expected to make officers aware of any events that are of interest. Core training is expected to be taken up in the first instance as it has been specifically designed to cover the CIPFA core competencies and is therefore compulsory.
- 15.2 The Chair of the Pension Committee and Local Pension Board will be provided with attendance at meetings where training has been delivered and all training undertaken during the year.
- 15.3 Training undertaken by members will be published in the relevant annual reports.

16. Costs

- 16.1 All training costs relating to this Training Strategy are met by Northamptonshire Pension Fund.

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Training Strategy

2023~~1~~

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1. Introduction

- 1.1 This is the Training Strategy for the Northamptonshire Pension Fund.
- 1.2 The Training Strategy is established to aid members of the Pensions Committee and Local Pension Board as well as Fund Officers and the Section 151 Officer in performing and developing in their roles and to equip them with the necessary skills and knowledge to act effectively in line with their responsibilities. Local Government Pension Scheme (LGPS) Funds are expected to follow the CIPFA Knowledge and Skills Framework.
- 1.3 The objective of CIPFA’s Knowledge and Skills Framework is to determine and set out the knowledge and skills sufficient to enable the effective analysis and challenge of decisions made by Officers and advisers to the Fund.
- 1.4 This Training Strategy takes into consideration the requirements of the pending Scheme Advisory Board Good Governance Review, the Pensions Regulator’s Code of Practice and the Markets in Financial Instruments Directive (MiFID II) in addition to the requirements of the CIPFA Knowledge and Skills Framework requirements to ensure it encompasses best practice.

2. Fund Objectives

- 2.1 The Northamptonshire Pension Fund objectives relating to knowledge and skills are to:
- 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 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.

3. Effective date and reviews

- 3.1 The Strategy was first approved by the Pension Fund Committee on 16 December 2016 and was effective from 17 December 2016. The Strategy has since been subject to the following reviews:

<u>Date of review</u>	<u>Strategy effective date:</u>	<u>Review type</u>
<u>14 December 2018</u>	<u>15 December 2018</u>	<u>Committee</u>
<u>15 December 2021</u>	<u>16 December 2021</u>	<u>Committee</u>
<u>24 July 2023</u>		<u>Committee</u>

- 3.2 This Strategy will be reviewed by the Pension Committee every three years, and if necessary, more frequently to ensure it remains accurate and relevant. Officer reviews will be conducted on an annual basis.

4. CIPFA’s Code of Practice on Public Sector Pensions Finance, Knowledge and Skills (the “Code of Practice”)

5.4.

4.1 CIPFA’s Code of Practice, was first issued in 2013, and embedded the requirements for the adequacy, acquisition, retention and maintenance of appropriate knowledge and skills required. It recommends (amongst other things) that LGPS administering authorities:

- **F**ormally adopt the CIPFA Knowledge and Skills Framework in its knowledge and skills statement;
- **E**nsure the appropriate policies and procedures are put in place to meet the requirements of the Framework (or an alternative training programme);
- **P**ublicly report how these arrangements have been put into practice each year.

4.2 The Code of Practice has been updated in 2021 and provides an overview of the standards that all CIPFA members must adhere to when administering and managing pension funds and benefits on behalf of employee’s and scheme members. The code includes focus on the increasing need for knowledge and skills and ongoing maintenance of this knowledge.

6.5. CIPFA Knowledge and Skills Framework

5.1 In July 2021, CIPFA published its revised Knowledge and Skills Framework aimed at Pension Committee and Board members as well as senior officers. The contents of the framework have been updated with transparency in mind with particular emphasis on decision makers.

5.2 The principles of the guide include the need for formal objectives, policies, practices and strategies concerning knowledge and skills of those responsible for the fund. Administering authorities must maintain effective, ongoing maintenance and development of knowledge, addressing gaps where required and increasing skills as appropriate.

5.3 The Knowledge and Skills Framework accompanies the updated Code of Practice on LGPS Knowledge and Skills.

5.4 [Northamptonshire Pension Fund has adopted the Hymans Robertson Online Training Academy to deliver training that mirrors the Knowledge and Skills Framework.](#)

The areas covered are as follows:

- [Committee Role and Pensions Legislation.](#)
- [Pensions Governance.](#)
- [Pensions Administration.](#)
- [Pensions Accounting and Audit Standards.](#)
- [Procurement and Relationship Management.](#)
- [Investment Performance and Risk Management.](#)
- [Financial Markets and Product Knowledge.](#)

~~• Actuarial methods, Standards and Practice. Aon, the fund's Governance Advisors have developed training that covers the following core CIPFA requirements:~~

~~Pensions legislation and guidance and national guidance;~~

~~Local governance and pensions procurement, contract management and relationship matters;~~

~~Funding Strategy and actuarial methods, and financial, accounting and audit matters;~~

~~Investments – Strategy, asset allocation, pooling performance and risk management;~~

~~Investments – Financial markets and products;~~

~~Pensions Administration and Communications.~~

~~5.5 There are also current issues modules which are regularly updated and includes topics such as Pensions Dashboard, GAD Section 13 and Cyber Risk which are supplementary to the Framework.~~

~~7. The Scheme Advisory Board – Good Governance Review~~

~~8.6.~~

~~8.6.1~~ Proposals as a result of the good governance review emphasise the need for increased governance around the management of skills and knowledge. The review has proposed the following actions:

- ~~• To introduce a requirement in the Statutory Guidance to be issued by the Department for Levelling Up Housing and Communities (DLUHC) that key individuals within the LGPS, including LGPS officers and pensions committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively.~~
- ~~• To introduce a requirement for s151 officers to carry out LGPS relevant training as part of CPD requirements to ensure good levels of knowledge and understanding.~~
- ~~• For administering authorities to publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.~~
- ~~• For CIPFA and other relevant professional bodies to be asked to produce appropriate guidance and training modules for s151 officers and to consider including LGPS training within their training qualification syllabus.~~

~~9. The Pensions Regulator's E-learning toolkit~~

~~10.7.~~

~~7.8.1~~ The Regulator has an online tool designed to help those running public service schemes to understand the governance and administration requirements in the public service schemes Code of Practice. The toolkit is an easy to use resource and covers 7 compulsory short modules. These are:

- ~~• Conflicts of Interests.~~
- ~~• Managing Risk and Internal Controls.~~
- ~~• Maintaining Accurate Member Data.~~
- ~~• Maintaining Member Contributions.~~

- Providing Information to Members and Others.
- Resolving Internal Disputes.
- Reporting Breaches of the Law.
-
- ~~8.2 In addition, a module on Pension Scams is available as an optional component. Although optional on the tool, it is the intention that Committee and Board members complete this module as it is deemed a fundamental part of the training programme.~~

~~7.8.23~~ These modules are designed to apply to all public service schemes and are not LGPS specific.

~~7.38.4~~ Completion of the toolkit in conjunction with the CIPFA core competencies will provide Pension Committee and Local Pension Board members with a good grounding for their respective roles. Officers will issue details of the toolkit upon appointment and will request this to be completed within 6 months. ~~these training modules as required.~~

~~11.~~ Markets in Financial Instruments Directive II (MIFID II)

~~12.8.~~

~~89.1~~ The Northamptonshire Pension Fund need to demonstrate a high level of skills and knowledge across the Committee and Board to enable the Fund to opt-up and be recognised as an professional investor rather than a retail investor to continue to receive advice and access to investment products at a level commensurate with the types of investment required for the Fund.

~~89.2~~ Failure to adequately demonstrate a high level of collective skills and knowledge across the Pension Committee and Local Pension Board could result in the loss of professional investor status and therefore access to the appropriate investment opportunities.

~~13.~~ Meeting the deliverables in the Annual Business Plan and Medium-Term Strategy

~~14.9.~~

~~910.1~~ There will be times when ~~targeted particular~~ training will need to be delivered in order to assist the Pension Committee and Local Pension Board in their roles in connection with the key deliverables as detailed in the Annual Business Plan and Medium Term Strategy.

~~910.2~~ These deliverables include, but are not limited to, activity such as the review and approval of the Funding Strategy Statement as part of the triennial Actuarial Valuation and Responsible Investing as part of the Investment Strategy Statement. Specific training in relation to these matters will be delivered at the appropriate times to ensure effective decisions are made.

~~15.~~ Delivery of training

~~16.~~

~~17.10.~~

~~101.1~~ The Northamptonshire Pension Fund's Governance Advisors provide core training in the following areas. It is expected that all Committee and Board members and senior LGPS officers undertake the training as listed below:

~~Introduction to the LGPS;~~

~~Governance and Fiduciary Duty;~~

~~Pensions Legislation and guidance and national guidance;~~

~~Local governance and pensions procurement, contract management and relationship matters;~~

~~Funding Strategy and actuarial methods, and financial, accounting and audit matters;~~

~~Investments – Strategy, asset allocation, pooling performance and risk management;~~

~~Investments – Financial markets and products.~~

~~11.2~~ The completion of the Pensions Regulator e-learning programme is also a compulsory requirement of the Training Strategy.

~~11.3~~ Officers will ensure that refresher training is offered to all Committee and Board members at regular intervals. The Hymans Robertson online platform is designed to support the training needs of Pension Committees, Pension Boards and Fund Officers, and is designed to supplement training plans. The learning consists of a series of short video presentations with supplemental learning materials and quizzes. The training is delivered in an efficient and engaging way in order that member can access it when convenient.

~~10.2~~ The training consists of the 8 CIPFA Framework topics and current issues facing the LGPS.

~~10.3~~ The completion of the Online Training Academy modules and the Pensions Regulator e-learning programme are a compulsory requirement of the Training Strategy.

~~10.4~~ The online platform will be regularly updated, and members will be notified of the updates via email.

~~101.54~~ In addition to the compulsory training above, the following training is also encouraged -

- In-house and shared training events with Cambridgeshire Pension Fund where it improves economy, efficiency and effectiveness.†
- Self-improvement and familiarisation with regulations and documents.†
- Attending relevant courses, seminars and external events.†
- Internally developed training days and pre/post meeting sessions.†
- Shared training with other Funds or Asset Pools.†
- Regular updates from officers and/or advisers.†
- Circulated reading material.

~~18.~~ **How training will be monitored**

~~19.11.~~

~~112.1~~ 1 Detail of Pension Committee and Board member training that is undertaken will be recorded and provided to the Chair on an annual basis. Any individual that has not completed the core training will be encouraged to do so. The Chair will have discretion regarding appropriate action if an individual does not undertake the minimum requirements.

~~11.2~~ Progress reports provide the following information:

- Enrolment status of each of the 8 modules in the learning plan and the Introduction and Current Issues module.
- The date each course was first accessed.
- The date each course was last accessed.
- The date the user was enrolled on a course.
- The final score a user received on a course knowledge check.
- How much of the course has been completed.

~~11.3~~ Additional training undertaken outside of the platform will be added to form a training record for consistency and ease of reference for Officers and Members.

~~12.~~ **Measurement**

~~11~~ **Measurement**

~~123.1~~ 1 In order to identify whether the objectives of this Strategy are being met, officers will:

- 1) Monitor the attendance of training on a regular basis.
- 2) Ensure the Pension Regulators Toolkit ~~introductory training~~ is offered shortly after appointment and request it is undertaken within 6 months. ~~promote it being undertaken promptly;~~
- 3) Actively encourage Committee and Board members participate in the Online Training Academy and complete the 8 core modules within 12 months of appointment or from approval of the Strategy for current members
- 4) Current issues modules should be undertaken within 3 months of release/access to the platform.
- 5) Monitor the attendance at meetings where training items are being delivered.
- 6) Manage areas where individuals feel additional support is required.

~~_____~~ **Maintaining knowledge** ~~_____~~

~~13.~~ **Maintaining knowledge**

134.1 In addition to undertaking ongoing training on the CIPFA skills and knowledge requirements via the online platform, Committee and Board members are expected to maintain their knowledge of ongoing development through attendance at internal/external events and seminars where appropriate.

134.2 Appropriate attendance at events for representatives of the Pension Board and Pension Committee will be determined by officers of the Fund.

134.3 Owing to the changing world of pensions, it will also be necessary to have ad hoc training on emerging issues or on a specific subject on which a decision it to be made in the near future.

13.4 Members and Officers using the platform will be asked to review their experience of the platform at the end of the 12-month period from the date of the strategy approval. The feedback received will denote the preferred route for continual mandatory training going forwards.

14. Risk Management

~~12~~ — Risk Management

145.1 The risks associated with the delivery of a successful training Strategy is as follows:

Northamptonshire Pension Fund

<u>Risk</u>	<u>Mitigation</u>
<u>Frequent changes in membership of the Pension Committee or Pension Board</u>	<u>Training Strategy in operation and reviewed regularly, with the Pension Regulators to be undertaken within 6 months of appointment and core mandatory framework modules to be undertaken within 12 months of appointment or approval of the Strategy. With current issues training undertaken within 3 months of release/access to the platform and other supplementary training undertaken when available.</u>
<u>Poor individual commitment</u>	<u>Attendance and training is monitored by officers of the Fund and the Chair of the Committee/Board. Attendance is reported in the Fund's Annual Report and Statement of Accounts and the Committee and Board Annual Reports are presented to Full Council. Both lack of attendance and lack of training is addressed with the individual when deemed appropriate.</u>
<u>Resources not being available</u>	<u>Additional training opportunities will be highlighted to the Committee and Board via the Governance and Compliance Report.</u>
<u>Poor standards of training</u>	<u>Where appropriate external advisors who are experts in their field deliver training to cover the CIPFA skills and knowledge framework. Other in-house training is delivered by officers with specific knowledge in a particular area. External courses are vetted to ensure they are relevant before being added to the list of courses available. Feedback is sought after events are attended.</u>

14.2 The risks will be monitored within the scope of the Training Strategy and the risk register will be amended where appropriate.

15. Reporting

~~13 Reporting~~

Northamptonshire Pension Fund

~~156.1~~ Training events will be highlighted at every meeting as part of the Governance and Compliance Report, Committee and Board members are expected to make officers aware of any events that are of interest. Core training is expected to be taken up in the first instance as it has been specifically designed to cover the CIPFA core competencies and is therefore compulsory.

~~156.2~~ The Chair of the Pension Committee and Local Pension Board will be provided with attendance at meetings where training has been delivered and all training undertaken during the year.

~~156.3~~ Training undertaken by members will be published in the relevant annual reports.

~~14~~ ~~Costs~~

~~16.~~ ~~17.1~~ ~~Costs~~

~~16.1~~ All training costs relating to this Training Strategy are met by Northamptonshire Pension Fund.



West Northamptonshire Council

Pensions Committee

24 July 2023

Mark Whitby – Head of Pensions

Report Title	2022-23 External Audit Plan for the Northamptonshire Pension Fund
Report Author	Ben Barlow, Ben.Barlow@Westnorthants.gov.uk

Contributors/Checkers/Approvers

West MO	Sarah Hall on behalf of Catherine Whitehead	
West S151	James Smith on behalf of Martin Henry	07/07/2023
Head of Pensions	Mark Whitby	21/06/2023

List of Appendices

Appendix A – Northamptonshire Pension Fund Audit Plan Year ended 31 March 2023

Author: Grant Thornton (GT)

1. Purpose of Report

- 1.1 To present the Pensions Committee with the External Audit Plan from Grant Thornton, the Fund's external auditor.

2. Executive Summary

- 2.1 Grant Thornton act as the Northamptonshire Pension Fund's external auditors. As the external auditors they have produced a plan of the upcoming audit 2022-23 of the Northamptonshire Pension Fund.
- 2.2 The key risks and areas of focus for Grant Thornton are valuation of Level 3 investments, management over-ride of controls, and the triennial valuation.
- 2.3 Planning materiality for investment related transactions is £48.1m, 1.5% of estimated gross assets. Planning materiality for non-investment related transactions is £12.9m, 10% of prior year gross expenditure.

3. Recommendations

- 3.1 The Pension Committee is asked to:

- a) Note the External Audit Plan 2022-23 and the presentation by Grant Thornton.

4. Reason for Recommendations

- 4.1 The committee are asked to note the report to;
- a) understand how Grant Thornton will carry out their audit
- b) understand the levels of materiality and areas considered worthy of additional audit testing

5. Report Background

- 5.1 The Pension Fund's Statement of Accounts (SOA) form part of West Northamptonshire Council's Statement of Accounts. These are audited by the Council's external auditor Grant Thornton (GT). The auditor confirms whether, in their opinion, the SOA reflect a true and fair view of the financial position of the authority (and the Fund within it) for the financial year 1 April to 31 March and that the SOA is free from material mis-statement.

6. Content, Responsibilities and Timeline

- 6.1 Grant Thornton (GT) have been appointed as Independent External Auditors to provide an audit opinion on:
- a) whether the financial statements of Northamptonshire Pension Fund give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2023 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2023; and
- b) the consistency of the Pension Fund financial statements within the Pension Fund annual report with the published financial statements of Northamptonshire County Council.
- 6.2 GT have produced an audit plan, setting out identified audit risks, expected materiality levels, the audit logistics and the planned delivery of the audit process. A Key Audit Manager from Grant Thornton, William Howard, will attend this meeting to present the audit plan.
- 6.3 Page 7 of the accompanying report identifies the key risks and areas of auditor focus, details the Auditor's planned approach to these risk areas. These, along with the Fund's approach are summarised in the following table.

Risk/area of focus	Audit approach	Fund approach
Valuation of Level 3 investments (annual valuation)	<ul style="list-style-type: none"> Evaluate management's processes for valuing level 3 investments; Review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investment to ensure the requirements of the code are met; 	<ul style="list-style-type: none"> Provide working papers demonstrating the value used at the year end and the valuation methodology Provide quarterly reconciliation reports Liaise with Investment Managers to provide information to auditors on a timely basis

Risk/area of focus	Audit approach	Fund approach
	<ul style="list-style-type: none"> • Independently request year end confirmations from Investment Managers; • Sample testing of investment values; and • Sample testing of purchases and sales. 	
Management over-ride of controls	<ul style="list-style-type: none"> • Evaluate the design effectiveness of management controls over journals; • Analyse the journals listing and determine the criteria for selective high risk unusual journals; • Test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • Gain an understanding of the accounting estimates and critical judgements applied by management and consider their reasonableness with regard to corroborative evidence; and • Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions. 	<ul style="list-style-type: none"> • Ensure process notes include identified risks • Provide written process notes which detail controls • Make copy journals available • Provide working papers demonstrating the value used for the journals

Risk/area of focus	Audit approach	Fund approach
Local Government Pension Scheme triennial valuation	<ul style="list-style-type: none"> • Review the methods used to calculate the estimate, including the models used; • Review the actuarial reports and assess the reasonableness of the assumptions made in the reports; • Perform tests on the accuracy and completeness of the data used in the valuation process, including member data; and • Evaluate the adequacy and accuracy of the disclosures related to the LGPS triennial valuation within the financial statement. 	<ul style="list-style-type: none"> • Provide the valuation report and funding strategy statement stating assumptions and models used at valuation • Provide the member data used for the valuation and corporate auditor's testing by responding to their queries on a timely manner • Liaise with scheme actuary to provide information to auditors on a timely basis.

6.4 Page 11 of the accompanying report sets out the planned materiality levels for the audit. GT has adjusted its approach to materiality on Pension Fund audits since last year to be more risk focused. As such, Investment related materiality is set at 1.5% of the estimated Gross Assets, as opposed to net, to be more reflective of the risks associated with asset valuations. A lower materiality is set in respect of non-investment related transactions, at 10% of prior year gross expenditure, for a more focused approach.

Audit Area	Materiality
Planning Materiality – investment related	£48.1m
Planning Materiality – non-investment related	£12.9m
Audit Differences – Net Assets Statement	£2.4m
Audit Differences – Fund Account	£645k

6.5 Page 15 of the accompanying report sets out the proposed timeline for delivery of the audit. The key planned milestones are:

Milestone	Planned dates	Status
Interim Audit	February - March 2023	Completed
Report audit plan	June 2023	Completed
Year end Audit	July - September 2023	In progress
Audit Findings Report	September 2023	Deadline 30 September 2023

6.6 The statutory date for publication of the final set of the Council's Statement of Accounts is the end of September, or as soon as reasonably practicable after the receipt of the auditor's final findings (if later).

6.7 The statutory date for publication of the Pension Funds Annual Report is 1st December.

7. Implications (including financial implications)

7.1 Resources and Financial

- a) There are no resource or financial implications arising from the proposals in this paper. This paper is for information only.

7.2 Legal

- a) The legal implications are set out in the main body of the report.

7.3 Risk

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

Risk No.	Risk	Residual risk rating
4	Contributions to the Fund are not received on the correct date and/or for the correct amount	Amber
5	Fund assets are not sufficient to meet obligations and liabilities.	Amber
7	Information may not be provided to stakeholders as required	Green
9	Those charged with governance are unable to fulfil their responsibilities effectively	Green
10	Risk of fraud and error	Green
15	Custody arrangements may not be sufficient to safeguard Pension Fund assets.	Green
17	Failure to administer the scheme in line with regulations and guidance.	Green
19	Pension Fund investments may not be accurately valued.	Green
25	Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.	Green

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

<https://pensions.northamptonshire.gov.uk/governance/key-documents/northamptonshire/>

7.4 Relevant Pension Fund Objectives

- a) The following objectives 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 manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- To provide scheme members with up-to-date information about the scheme in order that they can make informed decisions about their benefits.
- To seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.

7.5 **Consultation**

- a) The Pension Fund Accounts are produced utilising information and advice provided by Investment Managers, the Fund's Custodian Northern Trust and the Fund's Actuary, Hymans Robertson.

7.6 **Consideration by Overview and Scrutiny**

- a) Not required.

7.7 **Climate Impact**

- a) There are no climate impact considerations arising as a direct result of this paper.

7.8 **Community Impact**

- a) There are no community impact implications.

7.9 **Communications**

- a) This information only paper does not require any further communication activities.

8. Background Papers

- 8.1 None.

External audit plan

Year ending 31 March 2023

Northamptonshire Pension Fund

28/02/2023



Contents



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Pension Fund or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Key matters



National context

For the general population, rising inflation, in particular for critical commodities such as energy, food and fuel, is pushing many households into poverty and financial hardship, including those in employment.

The pressures on household income have raised concerns that members will look at their pension contributions as a way of cutting back on their monthly costs. The cost-of-living crisis is having a detrimental impact on pension savings, with some even dipping in to their savings to supplement short-term needs and several members are also requesting early access to their pension after age 55 as a means to financially manage their commitments. The cost of living crisis makes it even more important that lowly paid workers have access to a good quality pension.

In planning our audit, we will take account of this context in designing a local audit programme which is tailored to your risks and circumstances.

Other Local issues

There are no local issues report.

Key matters



Our Responses

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set out further in our Audit Plan, has been agreed with the Executive Director of Finance (Chief Finance Officer).
- We will continue to provide you and your Audit and Governance Committee with sector updates providing our insight on issues from a range of sources and other sector commentators.
- We hold annual financial reporting workshops for our clients to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other clients to support consistent and accurate financial reporting across the sector.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Northamptonshire Pension Fund ('the Pension Fund') for those charged with governance.

Respective responsibilities

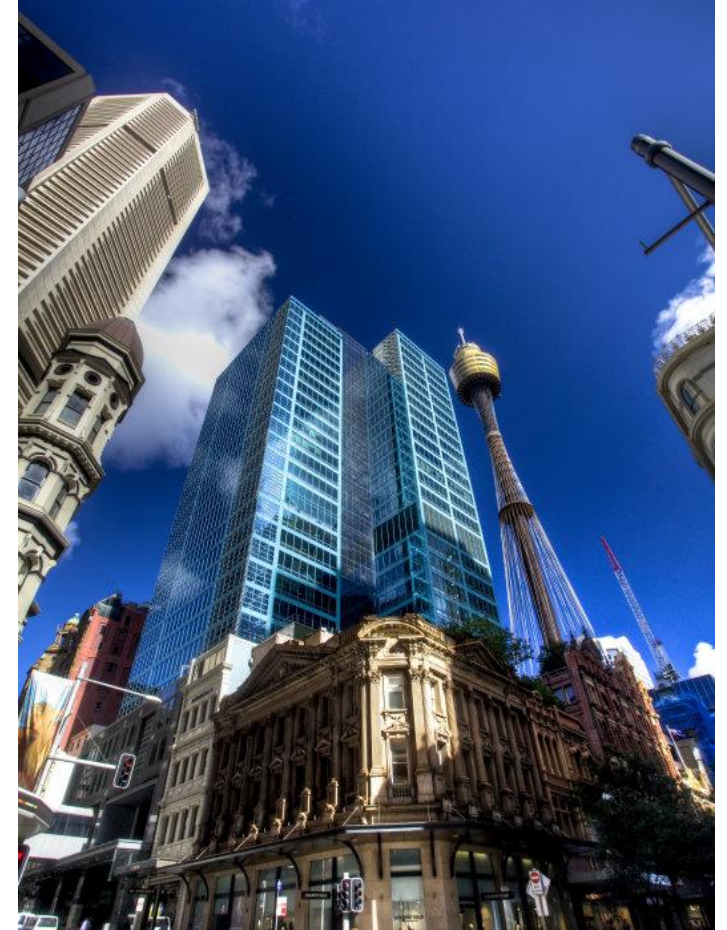
The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Northamptonshire Pension Fund]. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Pension Fund's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Governance committee).

The audit of the financial statements does not relieve management or the Audit and Governance Committee of your responsibilities. It is the responsibility of the Pension Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Pension Fund is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Pension Fund's business and is risk based.



Introduction and headlines

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- The valuation of level 3 investments.
- Management override of controls
- The revenue recognition cycle (including those related to expenditure) contain fraudulent transactions (this risk is rebutted in this instance due to controls in place at the Fund).

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have changed our approach to materiality this year as a Firm. We have amended the basis of setting headline materiality from net to gross assets, which allows us to better reflect the risks and focus of the audit.

We have determined planning materiality to be £48.1m (PY £33.6m) for the Pension Fund, which equates to 1.5% of your estimated gross assets at 31st of March 2023. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £2.4m (PY £1.6m).

We have set a separate specific materiality for non investment related transactions. We have determined planning Fund Account materiality to be £12.9m for the Pension Fund, which equates to 10% of your prior year gross expenditure. Clearly trivial has been set at £645k.

Audit logistics

Our interim visit took place in February and March and our final visit will take place in July, August and September. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report.

Our proposed fee for the audit will be £55,250 (PY: £51,000k) for the Pension Fund, subject to the Pension Fund delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

New Auditing Standards

There are two auditing standards which have been significantly updated this year. These are ISA 315 (Identifying and assessing the risks of material misstatement) and ISA 240 (the auditor's responsibilities relating to fraud in an audit of financial statements). We provide more detail on the work required later in this plan.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of Level 3 investments (annual valuation)	Pension Fund	<p>The Fund revalue its investments on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statement date..</p> <p>By their nature, Level 3 investments valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgements to reach an appropriate valuation at year end.</p> <p>Management utilise the services of investment managers as valuation experts to estimate the fair value of these assets.</p> <p>We therefore identified valuation of Level 3 investments as a significant risk, which was one of the most significant assessed risks of material misstatement</p>	<p>We will :</p> <p>Evaluate management’s processes for valuing Level 3 investments. -Review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investment to ensure the requirements of the code are met. -Independently request year end confirmations from investment managers, with an additional focus on ensuring use of appropriate IPEV [or equivalent] methodology in their valuation books, updated for most recent available guidance. -For a sample of investments, test the valuation by comparing the valuation per the General Ledger (typically based on investor statement as at the reporting date, or in the case of harder to value assets, the latest capital statement available adjusted for known cash movements in the final quarter of the year) to direct confirmation of capital balances from investment managers and, where available, latest audited financial statements. - Complete sample testing of purchases and sales to prime documentation across the period to support our reconciliation of the opening and closing balances..</p>
Management over-ride of controls	Pension Fund	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p>	<p>We will:</p> <p>Evaluate the design effectiveness of management controls over journals;, analyse the journals listing and determine the criteria for selecting high risk unusual journals, test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration, gain an understanding of the accounting estimates and critical judgements applied by management and consider their reasonableness with regard to corroborative evidence, and evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</p>

Other risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Local Government Pension Scheme triennial valuation	-Pension Fund	<p>Regulation 62 of the Local Government Pension Scheme (LGPS) requires pension fund administering authorities to obtain an actuarial valuation of the fund's assets and liabilities every three years. Triennial funding valuation reports as at 31 March 2022 were required to be obtained by 31 March 2023.</p> <p>The LGPS is a complex pension scheme with numerous participants, investment portfolios, and various financial and actuarial assumptions. The valuation process involves assessing the fund's assets and liabilities, projecting future cash flows, and making assumptions about investment returns, inflation rates, life expectancies, and other variables.</p>	<p>We will:</p> <ul style="list-style-type: none"> review the methods used to calculate the estimate, including the models used review the actuarial reports and assess the reasonableness of the assumptions made in the reports. perform tests on the accuracy and completeness of the data used in the valuation process, including member data. This includes examining source documents and reconciling data to supporting records. evaluate the adequacy and accuracy of the disclosures related to the LGPS triennial valuation within the financial statements.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report.

'In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them.' [ISA (UK) 315]

Other matters

Other work

The Pension Fund is administered by West Northamptonshire Council (the 'Council'), and the Pension Fund's accounts form part of the Council's financial statements.

Therefore, as well as our general responsibilities under the Code of Practice a number of other audit responsibilities also follow in respect of the Pension Fund, such as:

- We read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority..
- We consider our other duties under legislation and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about your 2022/23 financial statements, consider and decide upon any objections received in relation to the 2022/23 financial statements;
 - Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State.
 - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
 - Issuing an advisory notice under Section 29 of the Act.
- We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the pension fund annual report with the audited Fund accounts.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Progress against prior year audit recommendations

We identified the following issues in our 2021/22 audit of the Pension Fund's financial statements, which resulted in one recommendations being reported in our 2021/22 Audit Findings Report.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>During the course of the audit, we noted some delays in receipt of declarations of interest from members of the Pensions Committee and others with a governance link to the Fund. It is important to ensure that these returns are received and reviewed promptly to prevent the possible omission of disclosure of a previously unidentified related party which may alter the understanding of readers of the accounts.</p> <p>The Fund should work proactively with partners within the administering authority and other stakeholders to ensure that all returns are received and reviewed promptly.</p>	<p>Management sent request out earlier this year (12th December) to allow plenty of time to keep on top of following up. Looking at the log they are only waiting for one outstanding form from a Cllr.</p>

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
1	<p>Determination</p> <p>We have determined materiality based on a proportion of the estimated gross assets as at 31/03/2023 for the Pension Fund. Materiality at the planning stage of our audit is £48.1m which equates to 1.5% of your estimated gross assets as at 31/03/2023.</p> <p>We have also set a separate level of materiality for non-investment related transactions at £12.9m which is 10% of prior year gross expenditure.</p>	<p>We determine planning materiality in order to:</p> <ul style="list-style-type: none"> – establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements – assist in establishing the scope of our audit engagement and audit tests – determine sample sizes and – assist in evaluating the effect of known and likely misstatements in the financial statements <p>The Firm has adjusted its approach to materiality on Pension Fund audits to be more risk focused. As such, Investment related materiality will be set based on Gross Asset values as opposed to net, with the headline materiality being set at 1.5%. This will enable us to set a materiality which is more reflective of the risks associated with asset valuations. However, in conjunction with this we will also set a lower materiality in respect of non-investment related transactions which again will allow us to adopt a more focused approach, principally on the Fund Account. This may bring more transactions into scope, introduce an element of unpredictability to the audit and add more value for stakeholders.</p>
2	<p>Other factors</p> <p>An item does not necessarily have to be large to be considered to have a material effect on the financial statements.</p>	<p>An item may be considered to be material by nature where it may affect instances when greater precision is required.</p> <ul style="list-style-type: none"> – None identified.

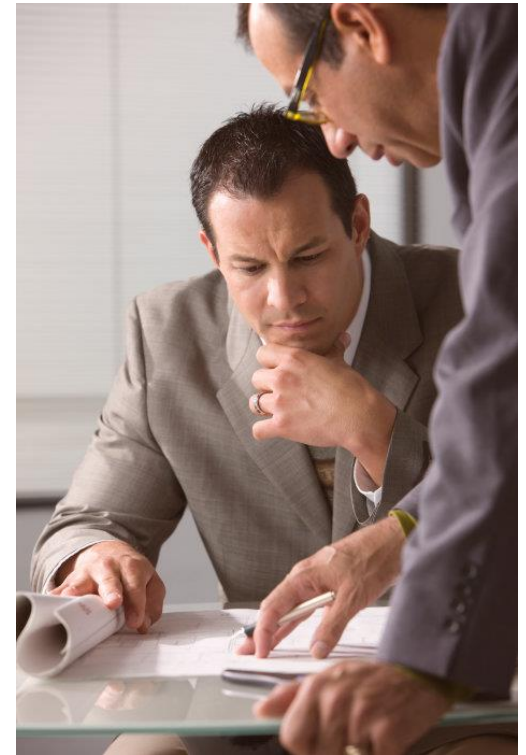
Our approach to materiality

Matter	Description	Planned audit procedures
3	<p>Reassessment of materiality</p> <p>Our assessment of materiality is kept under review throughout the audit process.</p>	<p>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.</p>
4	<p>Other communications relating to materiality we will report to the Audit Committee</p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) ‘Communication with those charged with governance’, we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA 260 (UK) defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<p>We report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</p> <p>In the context of the Pension Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £2.4m for the Net Asset Statement or 645k for the Fund Account. (PY £1.6m). If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Governance Committee to assist it in fulfilling its governance responsibilities.</p>

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

	Amount (£)	Qualitative factors considered
Materiality:		
	Investments – 48.1m.	<ul style="list-style-type: none"> • Concentration of ownership: the entity is not owned by shareholders, there is no group structure in place (group structures, ownership by shareholders could affect materiality by making it lower)
	Areas other than investments – 12.9m.	<ul style="list-style-type: none"> • Debt arrangements: the pension fund does not have any debt financing. • Business environment: the operations of the entity are less complex and few core business processes in which the entity is involved. Due to its nature as a public body administering the pensions of public sector workers, the pension fund operates within a stable environment and there has not been significant changes in the nature of its business activities over recent years. • Control environment: no issues have been identified in relation to the control environment. • Other sensitivities: no other sensitivities have been identified that would require materiality to be reduced. There are few users of the financial statements, therefore a higher materiality is deemed appropriate. • We considered the value of balances on the Fund Account and whether the chosen materiality provides sufficient coverage of these balances. Based on review of the prior year accounts the materiality level chosen was deemed sufficient to provide coverage.



IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs. We say more about ISA 315 Revised on slide 17.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Spend/Income	Planned level IT audit assessment
Altair	Benefits	£103,413,000	<ul style="list-style-type: none"> Assurance report obtained from IT expert.
Agresso ERP	Financial reporting	N/A	<ul style="list-style-type: none"> Detailed ITGC assessment completed by internal expert.

Audit logistics and team



Ben Stevenson, Audit Incharge

Key audit contact responsible for the day to day management and delivery of the audit work.



Ciaran McLaughlin Key Audit Partner

Provides oversight of the delivery of the audit including regular engagement with Governance Committees and senior officers



William Howard, Audit Manager

Plans and manages the delivery of the audit including regular contact with senior officers.

Audited Entity responsibilities

Where audited entities do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. Where the elapsed time to complete an audit exceeds that agreed due to an entity not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to an entity not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to :

- ensure that you produce draft financial statements of good quality by the deadline you have agreed with us, including all notes
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

Audit fees and updated Auditing Standards including ISA 315 Revised

In 2021 PSAA awarded a contract of audit for Northamptonshire Pension Fund to begin with effect from 2021/22. The fee agreed in the contract was £51k. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2022/23 audit. For details of the changes which impacted on years up to 2021/22 please see our prior year Audit Plans.

The major change impacting on our audit for 2022/23 is the introduction of ISA (UK) 315 (Revised) - Identifying and assessing the risks of material misstatement ('ISA 315'). There are a number of significant changes that will impact the nature and extent of our risk assessment procedures and the work we perform to respond to these identified risks. Key changes include:

- Enhanced requirements around understanding the Fund's Infrastructure, IT environment. From this we will then identify any risks arising from the use of IT. We are then required to identify the IT General Controls ('ITGCs') that address those risks and test the design and implementation of ITGCs that address the risks arising from the use of IT.
- Additional documentation of our understanding of the Council's business model, which may result in us needing to perform additional inquiries to understand the Council's end-to-end processes over more classes of transactions, balances and disclosures.
- We are required to identify controls within a business process and identify which of those controls are controls relevant to the audit. These include, but are not limited to, controls over significant risks and journal entries. We will need to identify the risks arising from the use of IT and the general IT controls (ITGCs) as part of obtaining an understanding of relevant controls.
- Where we do not test the operating effectiveness of controls, the assessment of risk will be the inherent risk, this means that our sample sizes may be larger than in previous years.

These are significant changes which will require us to increase the scope, nature and extent of our audit documentation, particularly in respect of your business processes, and your IT controls. We will be unable to determine the full fee impact until we have undertaken further work in respect of the above areas. However, for an authority of your size, we estimate an initial increase of £4k. We will let you know if our work in respect of business processes and IT controls identifies any issues requiring further audit testing. There is likely to be an ongoing requirement for a fee increase in future years, although we are unable yet to quantify that.

The other major change to Auditing Standards in 2022/23 is in respect of ISA 240 which deals with the auditor's responsibilities relating to fraud in an audit of financial statements. This Standard gives more prominence to the risk of fraud in the audit planning process. We will let you know during the course of the audit should we be required to undertake any additional work in this area which will impact on your fee.

Taking into account the above, our proposed work and fee for 2022/23, as set out below, is detailed overleaf [and has been agreed with the Director of Finance].

Audit fees

	Actual Fee 2020/21	Actual Fee 2021/22	Proposed fee 2022/23
Northamptonshire Pension Fund Audit	N/A	£51,000	£55,250
Total audit fees (excluding VAT)	N/A	£51,000	£55,250

Assumptions

In setting the above fees, we have assumed that the Pension Fund will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Pension Fund.

Independence and non-audit services

Other services

The following other services provided by Grant Thornton were identified. The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Pension Fund's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Service	Fees £	Threats	Safeguards
Audit related			
IAS19 Assurance letters for Admitted Bodies	£6,000 and £1,100 per audit letter.	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £6,000 (and £1,100 per audit letter) in comparison to the total fee for the audit of £55,250 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Total	£14,000		

Communication of audit matters with those charged with governance

Our communication plan

	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•	
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud (deliberate manipulation) involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.



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West Northamptonshire Council

Pensions Committee

24 July 2023

Mark Whitby – Head of Pensions

Report Title	Pension Fund Annual Report and Statement of Accounts 2022-23
Report Author	Ben Barlow, Ben.Barlow@Westnorthants.gov.uk

Contributors/Checkers/Approvers

West MO	Sarah Hall on behalf of Catherine Whitehead	
West S151	James Smith on behalf of Martin Henry	07/07/2023
Head of Pensions	Mark Whitby	19/06/2023

List of Appendices

Appendix A - Draft Annual Report and Statement of Accounts 2022-23

1. Purpose of Report

- 1.1 To present the Draft Annual Report and Statement of Accounts of the Northamptonshire Pension Fund for the 2022-23 financial year.

2. Executive Summary

- 2.1 The report covers the contents of the draft Annual Report and key highlights from the Statement of Accounts. The Fund's assets have fallen to £3,242.4m, following negative investment performance during the year with a net decrease of £125.4m. Contributions, Benefits, Management Expenses and Investment income have increased since last year.
- 2.2 The report sets out the key milestones for the 2022-23 year end including audit testing (June) and issuing of the audit results report ISA260 (September 2023). The Pension Committee will see a final version of the Annual Report and Statement of Accounts at the Committee meeting to be held in October 2023.
- 2.3 The report covers the delay on final sign off for the 2020-21 and 2021-22 Statement of Accounts due to dependencies on the Administering Authority and external auditors.

3. Recommendations

- 3.1 The Pension Committee is asked to:
- a) Note the Draft Annual Report and Draft Statement of Accounts of the Pension Fund for the 2022-23 financial year.

4. Reason for Recommendations

- 4.1 The Pension Committee are responsible for approving the Annual Report for the Northamptonshire Pension Fund and providing assurance to the Audit and Governance Committee for the Statement of Accounts. The Audit and Governance Committee are responsible for approving the Statement of Accounts as these form part of West Northamptonshire Council's Statement of Accounts.

5. Report Background

- 5.1 The Pension Fund's Statement of Accounts (SOA) form part of West Northamptonshire Council's Statement of Accounts. These are audited by the Council's external auditor Grant Thornton (GT). The auditor confirms whether, in their opinion, the SOA reflect a true and fair view of the financial position of the authority (and the Fund within it) for the financial year 1st April to 31st March and that the SOA is free from material mis-statement.
- 5.2 The accounts are based on transactions accounted for within the Fund's financial ledger, information received from Investment Managers and the Fund's Custodian Northern Trust, and assumptions and estimations utilising the professional judgement of officers and Fund professional advisers to give a true and fair statement of the Fund's financial position.
- 5.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 (the Code), which governs the preparation of the financial statements for Local Government Pension Scheme funds. A CIPFA template is used each year to ensure that the reporting meets the requirements of the Code and is compliant with International Financial Reporting Standards (IFRS). The Code is materially unchanged from 2021-22.
- 5.4 The structure and content of the Annual Report is governed by Regulation 57 of The Local Government Pension Scheme Regulations 2013 (as amended).
- 5.5 The publication of the Accounts is an essential feature of public accountability and stewardship as it provides information on how the Fund has used the members' funds for which it is responsible.

6. Content, Responsibilities and Timeline

- 6.1 The Annual Report and Statement of Accounts contents are set out over eight sections: -
- 6.1.1 Preface - provides an introduction to the Annual Report framing the arrangements for the management of the Fund, a statement of responsibilities and listing key third parties.

- 6.1.2 Scheme Administration - describes the scheme framework, how the Fund is administered, the Administering Authority's role, membership movements and Pension Committee and Local Pension Board membership. In addition, it sets out the key policies and strategies of the Fund and key policy changes through the financial year.
- 6.1.3 Management and Financial Performance - describes the management of the Fund and sets out how decisions are made, the structure of the Pensions Service and sections on risk management and performance of the service. In addition, this section lists employer establishments, their contributions and status.
- 6.1.4 Investment Policy and Performance - describes the legislation under which investment of Fund assets is undertaken, the Fund's investment strategy and performance including commentary on asset pooling. In addition, it includes savings generated by pooling of investment assets and cost transparency. The Fund's investment consultant reviews the economic market background for the year and the future outlook.
- 6.1.5 Actuarial Information - describes how the Fund has complied with the Local Government Pension Scheme Regulations 2013 and the Fund's key funding principles adopted in the Funding Strategy Statement. This section describes the most recent triennial valuation and the key assumptions applied.
- 6.1.6 Audit Opinion – Audit opinion issued by the Fund's auditors confirms the SOA reflect a true and fair view of the financial position for the financial year 1st April to 31st March and that the SOA is free from material mis-statement.
- 6.1.7 Pension Fund Accounts - accounting statements and notes to the accounts and is approved as a section within the Administering Authority's SOA
- 6.1.8 Glossary
- 6.2 The Annual Report will be subject to further refinement, external auditor oversight and accessibility checks and a final version for publication will be brought to the October Pension Committee.
- 6.3 The table below is a planned timeline for the Pension Fund 2022-23 year end audit:

Milestone	Planned dates	Status
Interim Audit	February - March 2023	Completed
Report audit plan	July 2023	Completed
Substantive testing	June – August 2023	In progress
Audit Results Report	October 2023	Deadline 30 September 2023

- 6.4 The statutory date for publication of the final set of the Council's Statement of Accounts is the end of September, or as soon as reasonably practicable after the receipt of the auditor's final findings (if later).
- 6.5 The statutory date for publication of the Pension Funds Annual Report is 1st December.

- 6.6 For the 2020-21 accounts opinion, the Fund are waiting for the administering authority to resolve a number of matters with external audit, including matters relating to authorities outside WNC, such as NNC and the Children’s Trust.
- 6.7 For the 2021-22 accounts opinion, WNC audit is expected to take place from August 2023.
- 6.8 Due to various dependencies there are some areas of the Annual Report and Statement of Accounts that are still missing information. These will be included in the final version of the report.
 - 6.8.1 Page 3 – Chair’s Foreword
 - 6.8.2 Page 31 - ACCESS information
 - 6.8.3 Page 32 - Cost Transparency Initiative (deadline 31 July 2023)

7. Highlights – Statement of Accounts 2022-23

- 7.1 The Fund Account and the Net Asset Statement provide a summary of the financial activity with the notes to the accounts providing further information.
- 7.2 The net decrease for the year was £125.4m, with the Fund’s net assets falling to £3,242.4m reflecting negative performance in the first two quarters of the year.
- 7.3 Contribution receipts increased from £122.8m to £130.1m. The increase in contributions payments reflects the increase in the average contribution rate for 2022-23.
- 7.4 Benefit payments have increased from £103.4m to £105.5m. The increase in pension payments reflects the growth in the number of pensioners during the year and CPI uplifts to benefits in payment.
- 7.5 Management expenses are broken down in Note 11. Administration expenses have increased from £2.3m to £2.5m mainly due to increases in staff salaries and inflationary increases. Oversight and Governance costs have increased from £812k to £911k mainly due to actuarial valuation costs. Investment Management fees have increased from £12.9m to £13.2m due to increased commitments to alternative assets.
- 7.6 The one-year investment return as at 31st March 2023 was a net market loss of £173.7m.
- 7.7 Investment income increased from £28.9m to £34.0m mainly due to large income distributions from LionTrust UK Equities, Baillie Gifford Diversified Growth Fund and M&G Alpha Opportunities Fund. Investment income is impacted by market performance however the main returns are reflected in market value increases.

8. Implications (including financial implications)

8.1 Resources and Financial

- 8.1.1 There are no resource or financial implications arising from the proposals in this paper. This paper is for information only.

8.2 Legal

- 8.2.1 In addition to legal implications mentioned in the report, the production of the Annual Report is a regulatory requirement and needs to be approved by the Pension Fund Committee by the 1 December. As it is proposed that the Committee approves

the Annual report its meeting in October, this will meet the timescale for compliance.

8.3 Risk

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

Risk No.	Risk	Residual risk rating
4	Contributions to the Fund are not received on the correct date and/or for the correct amount	Amber
5	Fund assets are not sufficient to meet obligations and liabilities.	Amber
7	Information may not be provided to stakeholders as required	Green
9	Those charged with governance are unable to fulfil their responsibilities effectively	Green
10	Risk of fraud and error	Green
15	Custody arrangements may not be sufficient to safeguard Pension Fund assets.	Green
17	Failure to administer the scheme in line with regulations and guidance.	Green
19	Pension Fund investments may not be accurately valued.	Green
25	Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.	Green

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

<https://pensions.northamptonshire.gov.uk/governance/key-documents/northamptonshire/>

8.4 Relevant Pension Fund Objectives

8.4.1 The following objectives 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 manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

- To provide scheme members with up-to-date information about the scheme in order that they can make informed decisions about their benefits.
- To seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.

8.5 Consultation

8.5.1 The Pension Fund Accounts are produced utilising information and advice provided by Investment Managers, the Fund's Custodian Northern Trust and the Fund's Actuary, Hymans Robertson.

8.6 Consideration by Overview and Scrutiny

8.6.1 Not required.

8.7 Climate Impact

8.7.1 This an information update paper only. There are therefore no climate impact considerations arising as a direct result of this paper. The systemic risk to the Fund's assets associated with climate change is, however, considered within the Climate Change Report section of the Annual Report.

8.8 Community Impact

8.8.1 There are no community impact implications.

8.9 Communications

8.9.1 This information only paper does not require any further communication activities. Later communication considerations in connection with approval and publication of the SOA and Annual Report are set out in the relevant sections above.

9. Background Papers

9.1 None.



Northamptonshire Pension Fund Annual Report and Statement of Accounts Year Ended 31st March 2023

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Chairperson's Foreword

Statement of Responsibilities

Introduction

This Annual Report and Statement of Accounts sets out the arrangements by which the Local Government Pension Scheme operates, reports changes which have taken place and reviews the investment activity and performance of the Northamptonshire Pension Fund ("Fund") during the year.

The Statement of Accounts has been prepared in accordance with the CIPFA/LASAAC Code of Practice for Local Authority Accounting in the United Kingdom 2022-23.

The accounts summarise the transactions of the Fund and deal with the net assets at the disposal of the Pension Committee members. The accounts do not take account of the obligation to pay future benefits which fall due after year end. The actuarial position of the Fund which takes into account these obligations is available on the Fund's website, [2022 Valuation Report](#)

The Council's Responsibilities in respect of the Pension Fund

The West Northamptonshire Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Chief Finance Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts which form part of the Council's Statement of Accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the *CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code)*.

In preparing this statement of accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgments and estimates that were reasonable and prudent; and
- Complied with the Code.

The Chief Finance Officer has also:

- Kept proper accounting records which are up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of Accounts

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Pension Fund at 31 March 2023 and of its income and expenditure for the year 2022-23, and authorise the accounts for issue.




























XXXXX

Chief Finance Officer

(Section 151 Officer)

Dated: xxxxxxx

Scheme Management, Advisors and Partners

Partners		Asset Managers (Continued)	
ACCESS (Pension Pool)		Catapult	
AON (Consultants)		CBRE Global	
Barclays (Bank)		Harbour Vest Partners (UK)	
David Crum (Independent Advisor)		IFM Investors	
Grant Thornton (Auditors)		JP Morgan	
Hymans Robertson (Actuary)		Lion Trust*	
Mercer (Investment Consultants)		Link Fund Solutions (Access)	
Northern Trust (Custodian)		Longview Partners*	
Pathfinder (Legal Advisor)		M&G Investments*	
Squire Patton Boggs (Legal Advisors)		Newton*	
	Asset Managers	UBS Asset Management	
Adams Street Partners		AVC Providers	
Allianz Global Investors		Prudential	
Ares Asset Management		Standard Life	
Baillie Gifford & Co*		*Sub-funds managed by Link Fund Solutions in the ACCESS pool (page 27)	
Blue Bay Asset Management			

Scheme Management & Key Officers

The Key Officers of the Fund during the year were:

Mark Whitby – Head of Pensions

Ben Barlow – Investments and Fund Accounting Manager

Joanne Kent – Systems and Projects Manager

Akhtar Pepper – Operations Manager

Cory Blose – Employer and Communications Manager

Michelle Oakensen – Governance and Compliance Manager

Further information regarding the accounts and investments can be obtained from:

Ben Barlow

Investments and Fund Accounting Manager

Pensions Service

Email: Ben.Barlow@westnorthants.gov.uk

Telephone: 07831 123167



Enquiries relating to management and administration should be directed to:

Mark Whitby

Head of Pensions

Pensions Service

Email: Mark.Whitby@westnorthants.gov.uk

Telephone: 07990 556197



Registered Pension Scheme Number: 10079143

Scheme Administration

Introduction

West Northamptonshire Council is responsible for administering the Northamptonshire Pension Fund, which is available to employees of the Council, organisations with a statutory right to be in the scheme (scheduled bodies) and organisations, such as charities, which the Council has admitted under its discretionary powers (admitted bodies). As well as organisations that can admit their employees to the LGPS by passing their resolution (nominate employees for access to the LGPS).

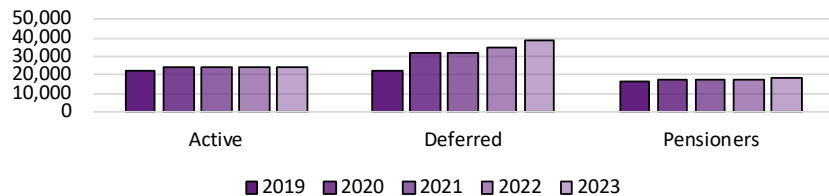
The Fund is a qualifying scheme under the automatic enrolment regulations and can be used by employers to automatically enroll eligible employees, and every three years re-enrol anyone who opts out of the scheme.

A shared service partnership between West Northamptonshire Council and Cambridgeshire County Council provides pension administration services to the Northamptonshire Pension Fund.

Membership

Membership of the Fund increased by 5.5% from the previous year.

On 31 March 2023 there were 23,949 active, 38,361 deferred and 18,414 pensioner members in the Fund. The deferred figure is inclusive of 10,509 open cases that may change status (undecided leavers).



Pension Fund Administration

There are 83 staff members (79.05 full time equivalent) within the Pensions Team, providing all aspects of service to both the Northamptonshire and Cambridgeshire Funds, with an average staff to member ratio of 1:2,250 (total members for Northamptonshire and Cambridgeshire Pension Funds divided by full time equivalent staff members).

Internal audit perform risk based audit procedures to assess the effectiveness and efficiency of administration services.

The requirements of the General Data Protection Regulations (GDPR) are recognised and feature in the design of the Fund's administration processes. The Fund has in place a GDPR compliant privacy notice, conducts privacy impact assessments for all new activities involving personal data and has in place a Register of Processing Activities and Information Asset Register.

Unitary Authority

On the 1st April 2021 Northamptonshire County Council ceased and was replaced by two unitary authorities West Northamptonshire and North Northamptonshire. West Northamptonshire Council has become the administering authority for the Northamptonshire Pension Fund.

Scheme Administration Tools

The Pensions website contains detailed information for all the Fund's stakeholders and has dedicated pages for both members and employers. There is a comprehensive suite of forms and factsheets for members, prospective members and employers.

Support for members and employers can be accessed via the website or by contacting the Helpline on 01604 366537.

[Member Self Service](#) is an online platform which allows members to securely access their records, amend their personal information, perform benefit projections and view their annual benefits statement.

i-Connect is a system used which allows employers to securely upload monthly payroll data into the pension database, improving efficiency and accuracy of data and ensuring timely record maintenance.

Scheme Administration (continued)

Scheme Framework

The Local Government Pension Scheme is a statutory funded pension scheme. The operation of the West Northamptonshire Council Pension Fund is principally governed by the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) which have been made within the context of the primary legislation of the Public Service Pensions Act 2013.

The Scheme covers eligible employees of the Unitary authorities, the Police Authority, Police and Crime Commissioner and Academies within the county area other than teaching staff, police officers and fire-fighters for whom separate statutory arrangements exist. A number of other bodies are also members of the scheme.

Employers' contribution rates are set by the Fund's Actuary every three years following the valuation of the Fund, in order to maintain the solvency of the Fund. The last valuation took place as at 31 March 2022. The results of the valuation were a funding level of 113% (31 March 2019: 93%) and an average primary employer contribution rate of 20.5% (31 March 2019: 19%). The primary rate includes an allowance of 0.8% (31 March 2019: 0.8%) of the pensionable pay for the Fund's expenses. The average employee contribution rate is 6.3% (31 March 2019: 6.3%) of pensionable pay.

On 1 April 2014, the new Local Government Pension Scheme 2014 came into effect, allowing more flexibility around paying into the scheme and drawing benefits in comparison to the 2008 scheme. Normal pension age is linked to the state pension age but benefits can be drawn earlier or later, between age 55 and 75. The normal retirement age is the age a member can access their pension in full; if it is accessed before that date benefits will usually be reduced and if accessed after normal retirement age benefits may increase. All service built up to 31 March 2014 in the LGPS is fully protected and will continue to be based on a member's final year annual pay when the individual leaves the LGPS (2008 scheme).

Benefits built up before April 2014 also retain their protected Normal Pension Age, which for most members is 65, although certain members have a retirement age of 60 for all or part of their membership.

There is an additional protection known as the 'underpin' for members who were active on 31 March 2012 and were within ten years of their Protected Normal Pension Age on 1 April 2012. These members will get a pension at least equal to the pension they would have received in the LGPS had it not changed on 1 April 2014, subject to meeting certain criteria.

In December 2018 the Court of Appeal ruled against the Government in two linked cases relating to the Judicial Pension Scheme and the Firefighters' Pension Schemes. This ruling is generally referred to as the McCloud judgment, or simply McCloud.

In essence, the Court held that the transitional protections afforded to older members of these schemes when their reformed schemes were introduced in 2015 constituted unlawful age discrimination.

The Government sought permission to appeal to the Supreme Court and it was announced on 27 June 2019 that the application had been refused.

A written ministerial statement followed on 15 July 2019 to confirm that, as transitional protection was provided in all public service schemes upon their reform, the McCloud judgment had implications for all those schemes, including the LGPS in England and Wales.

Primary legislation required in relation to the McCloud remedy has now been put in place as The Public Service Pensions and Judicial Offices Bill received Royal Assent in March 2022, becoming the Public Service Pensions and Judicial Offices Act 2022.

While there was a DLUHC consultation in 2020 on proposed amendments to the LGPS Regulations necessary to remedy the specific unlawful age discrimination in the LGPS, no actual amendments have been made as yet. A consultation took place in Summer 2022 on the proposals to extend the current underpin to younger members and remove the requirement to have an immediate entitlement to benefits on leaving to qualify for underpin protection

Scheme Administration (continued)

The below table compares the 2008 and the 2014 schemes.

	LGPS 2008	LGPS 2014
Basis of Pension	Final Salary	Career Average Revaluated Earnings (CARE)
Accrual Rate	1/60 th	1/49 th
Revaluation Rate	Based on Final Salary	Consumer Prices Index (CPI)
Pensionable Pay	Pay excluding non contractual overtime and non pensionable additional hours	Pay including non-contractual overtime and additional hours
Employee Contribution Rates	Between 5.5% and 7.5%	Between 5.5% and 12.5%
Contribution Flexibility	No	Option to pay 50% contributions for 50% of pension benefit
Normal Pension Age	65	Equal to individuals state pension age
Lump Sum Trade Off	Trade £1 of pension for £12 lump sum	Trade £1 of pension for £12 lump sum
Death in Service Lump Sum	3 x Pensionable Pay	3 x Pensionable Pay
Death in Service Survivor Benefits	1/160 th accrual based on Tier 1 ill health pension enhancement	1/160 th accrual based on Tier 1 ill health pension enhancement
	Tier 1 – Immediate payment with service enhanced to Normal Pension Age (65)	Tier 1 – Immediate payment with service enhanced to Normal Pension Age
Ill Health Provision	Tier 2 – Immediate payment with 25% service enhancement to Normal Pension Age (65)	Tier 2 – Immediate payment with 25% service enhancement to Normal Pension Age
	Tier 3 – Temporary payment of pension for up to 3 years	Tier 3 – Temporary payment of pension for up to 3 years
Indexation of Pension in Payment	CPI (RPI for pre-2011 increases)	CPI
Vesting Period	3 months	2 years

Scheme Administration (continued)

Pension Committee and Local Pension Board Membership

The following table shows the attendance of Committee and Board members at applicable Pension Committee, Investment Sub-Committee and Local Pension Board meetings during 2022-23, training undertaken in year, including; Training days, Conferences and Strategic Workshops.

Councillor/Member Name	Committee/Board	Meetings Attended	Training Undertaken (In person and virtual)
Cllr Longley	Pension Committee	5 meetings out of 5	6 sessions attended
	Investment Sub Committee	4 meetings out of 4	
Cllr Morton	Pension Committee	5 meetings out of 5	7 sessions attended
	Investment Sub Committee	3 meetings out of 4	
Cllr Bignell	Pension Committee	3 meetings out of 5	5 sessions attended
	Investment Sub Committee	3 meetings out of 4	
Cllr Russell	Pension Committee	1 meeting out of 5	1 session attended
	Investment Sub Committee	2 meetings out of 4	
Cllr Lawman	Pension Committee	5 meetings out of 5	7 sessions attended
	Investment Sub Committee	4 meetings out of 4	
Robert Austin	Pension Committee	4 meetings out of 5	6 sessions attended
	Investment Sub Committee	2 meetings out of 4	
Peter Borley-Cox	Pension Committee	3 meetings out of 5	4 sessions attended
	Investment Sub Committee	3 meetings out of 4	
Cllr Joyce	Pension Committee	3 meetings out of 5	3 sessions attended
Cllr Matten	Pension Committee	4 meetings out of 5	4 sessions attended
Cllr Lane	Pension Committee	3 meetings out of 5	3 sessions attended
Cllr Bunday	Pension Committee	2 meetings out of 5	1 session attended
Paul Wheeler	Pension Committee	2 meetings out of 2 (appointed Nov22)	4 sessions attended
John Wignall	Pension Committee	1 meeting out of 4 (resigned Mar23)	3 sessions attended
Cllr Pritchard	Local Pension Board	2 meetings out of 4	2 sessions attended
Cllr Weatherill	Local Pension Board	4 meetings out of 4	2 sessions attended
Julie Petrie	Local Pension Board	4 meetings out of 4	3 sessions attended
Kev Standishday	Local Pension Board	4 meetings out of 4	1 session attended
Alicia Bruce	Local Pension Board	4 meetings out of 4	3 sessions attended
Katy Downes	Local Pension Board	3 meetings out of 4	1 session attended
Andy Langford (substitute)	Pension Committee	2 meetings out of 5	

Scheme Administration (continued)

Policies and Strategy Statements

Information about the Fund's policies and procedures can be found on the Fund's website:

[Northamptonshire Pension Fund Key Documents](#)

The following policies were in place during the financial year

- Administering Authority Discretions
- Administration Strategy
- Admitted Bodies Scheme Employers and Bulk Transfers Policy
- Annual Business Plan & Medium Term Strategy
- Anti-Fraud and Corruption Policy
- Cambridgeshire Pension Fund Training Strategy
- Cash Management Strategy
- Cessations Policy
- Climate Action Plan
- Communications Plan
- Communications Strategy
- Data Improvement Policy and Plan
- Employer Data Retention Policy
- Funding Strategy Statement
- Governance Policy and Compliance Statement
- Investment Strategy Statement
- Overpayment of Pension Policy
- Payment of Pension Contributions Policy
- Reporting Breaches of the Law to the Pensions Regulator Policy
- Risk Register
- Risk Strategy
- The Fund also has a Cyber Strategy, however this is not published due to its sensitive nature

Statement/Policy Changes in 2022-23

The following strategies and policies have been reviewed and updated accordingly in 2022-23:

- Administering Authority Discretions
- Annual Business Plan and Medium-Term Strategy
- Anti-Fraud and Corruption Policy
- Cessations Policy
- Climate Action Plan
- Communications Plan
- Communications Strategy
- Conflicts of Interest Policy
- Data Improvement Policy
- Data Improvement Plan
- Funding Strategy Statement
- Investment Strategy Statement
- Overpayment of Pension Policy
- Reporting Breaches of the Law to the Pensions Regulator
- Risk Register
- Risk Strategy

Management and Financial Performance

The Team

The Pensions Service is based in Northampton and consists of the following teams:

- **Accounting** – record and reconcile contributions paid into the Fund and accounts for fund expenses. Provide financial monitoring and reporting of functions such as debt management and cash requirements and investment accounting.
Email: PenContributions@westnorthants.gov.uk
- **Employers** – contact point for employers of the scheme and those wanting to join. Deliver training sessions to employers and payroll providers covering the systems available to assist them to participate efficiently in the Fund.
Email: PenEmployers@westnorthants.gov.uk
- **Governance** – support all Committees in governing the Fund effectively, develop and monitor policies and practices to improve data quality and ensure regulatory compliance.
Email: Pensions@westnorthants.gov.uk
- **Investments** – oversee the governance of Fund assets and support the Investment Sub-Committee.
Email: PenInvestments@westnorthants.gov.uk
- **Operations** – maintain member records, calculate benefits and pensions payable.
Email: Pensions@westnorthants.gov.uk
- **Projects** – is responsible for delivering a wide range of projects that are required to be delivered across the service.
Email: PenProjects@westnorthants.gov.uk
- **Systems** – ensure internal systems are operating efficiently and provide support to maintaining accurate member records.
Email: PenSystems@westnorthants.gov.uk

Complaints

Should you have a complaint about the service, we will do our best to put things right. To access support, please email Pensions@westnorthants.gov.uk, telephone 01604 366537, or write to:

Pensions Service, West Northamptonshire Council, The Guildhall, St Giles Square, Northampton, NN1 1DE

Appeals

The LGPS regulations provide Internal Dispute Resolution Procedures (IDRP), details of which can be accessed via [the website](#).

Stage 1 disputes are decided by Head of Pensions if the complaint concerns an administering authority decision, or by an adjudicator appointed by the Employer if an Employer decision.

At Stage 2, the complaint is considered by West Northamptonshire Council’s Monitoring Officer, and if the complainant is still unhappy with the decision they may formally refer the case to The Pensions Ombudsman.

At any stage a scheme member may contact The Pensions Ombudsman for assistance with their complaint, but for a formal complaint to be raised with them both Stages of the IDRP would normally need to be completed first. More information can be found on [The Pensions Ombudsman website](#).

The following formal disputes have arisen and/or been resolved during the year:

Nature of dispute	Stage 1	Stage 2
Pension Credit member quoted max conversion options on Member Self-Service when option not available.	Partially Upheld	Not Upheld
Refusal to pay survivor’s pension to co-habiting partner.	Not Upheld	N/A
Challenging payments of death grant.	Not Upheld	In Progress
Delays in paying pension and AVCs causing anguish and inconvenience.	Upheld	Not Upheld
Challenging refusal to pay NCC Deferred Benefit early on ill health grounds.	Not Upheld	In Progress
Refusal to allow transfer of AVCs to an alternative arrangement	In Progress	

Management and Financial Performance (continued)

Managing Decision Making

West Northamptonshire Council has established a Pension Committee (PC) and Investment Sub-Committee (ISC) having strategic and operational investment decision making powers, respectively.

Membership of both bodies consist of elected members, and non-elected employer and scheme member representatives. All members of the ISC sit on the PC.

The PC's business covers all Fund matters with the exception of non-strategic investment issues, which are delegated to the ISC. Officers across the operations, investment, transactions, corporate and governance functions support the PC and ISC as required. All meetings of the PC and ISC are duly minuted.

PC members and ISC members are required to attain a desired level of skills and knowledge, to ensure decisions being made on behalf of West Northamptonshire Council Pension Fund are made with full understanding of the impact and therefore mitigating the risk of unfounded decisions.

The Committee members must at all times be conscious of their accountability to stakeholders. The PC is responsible for determining the nature and extent of any significant risks taken on by the Administering Authority in the pursuit of its strategic objectives. Risk management should be dynamic and comprehensive, considering operational, reputational and environmental, social and governance (ESG) risks in addition to financial risks.

The Northamptonshire Full Council acknowledged the establishment of the ACCESS Joint Committee (AJC) delegating powers to this body in response to the Government's pooling agenda. The Chairman of the PC represent the Fund on the AJC, supported by Fund officers working in the ACCESS Officers Working Group (OWG).

The Local Pension Board (LPB) was established on 1 April 2015, providing an additional layer of governance for the Fund. The LPB is non-decision making but has the responsibility of assisting the Administering Authority to:

- Secure compliance with the Local Government Pension Scheme (LGPS) regulations and other legislation relating to the governance and administration of the LGPS and also the requirements imposed by the Pensions Regulator in relation to the LGPS; and
- Ensure the effective and efficient governance and administration of the LGPS.

The LPB has provided a separate annual report of its activities to Council for this financial year.

Management and Financial Performance (continued)

Risk Management

The Northamptonshire Pension Fund has both a risk strategy and a risk register in place to identify, evaluate, mitigate and monitor risks associated with the activities that the Fund carries out. Risk is managed through regular reporting to both the Pensions Committee and Local Pension Boards which have appropriate authorisation from the West Northamptonshire Council's Monitoring Officer and Section 151 Officer. This ensures that risks are integrated within the governance structure of West Northamptonshire Council and all follow a consistent approach.

Identified risks are recorded in the Risk Register, a copy of which can be found at: [Risk Register](#)

The aim of the Risk Register is to ensure that an informed decision can be made on whether a risk can, or should be accepted. Risk appetite is informed by an understanding of any existing controls and will also be influenced by the expected reward or outcome. Once risks have been identified the Fund assesses the impact and likelihood of a risk to enable effective decision making.

Risks recorded in the Risk Register are linked and managed in line with the Pension Fund objectives to ensure relevance and are reviewed by the Pension Committee twice a year and the Local Pension Board quarterly. New risks are therefore identified promptly and current risks are monitored on a regular basis, with risk ratings revised where necessary. The accompanying Risk Strategy is reviewed on an annual basis to ensure it remains relevant to support the Risk Register.

Third party risks are managed through the Risk Register and associated policies, such as the Payment of Pension Contributions Policy. Mitigations are put in place to minimise third party risks and, in particular, the risks associated with Scheme Employers and effective covenant monitoring.

Investment Risk

The Fund's Investment Strategy Statement, which is reviewed annually, sets out the Fund's investment strategy which incorporates evaluation of key investment risks.

In addition the Statement of Accounts section of this document, provides further information about Investment risks and how they apply to the Investment Assets held by the Fund.

There are many risks inherent in investments. The Fund addresses these in the following ways:

Market Risk – investments will reduce in value due to fluctuations in prices, interest rates, exchange rates and credit spreads.

The Fund invests in different markets across the world and in different types of investment to reduce the risk of the portfolio reducing in value due to adverse market conditions and to smooth returns.

Price Risk – investments may be incorrectly valued due to price fluctuations or estimates used in pricing.

Investments are valued at published prices, where available. Investments that are not sold on a market are valued by specialist Investment Managers. Notes 16, 17 and 18 in the Statement of Accounts gives information about how investments are valued and gives an indication of the value of investments subject to an element of estimation.

At year end all Investment Managers, including Link Fund Solutions who are the operator of the ACCESS pool (page 27), are required to provide ISAE 3402 (Service Organization Control Reports) which are made available to external audit.

Risk Assurance

The objective of an internal audit is to educate management and employees about how they can improve business operations and efficiencies while giving reliability and credibility to the financial reports that go to Pension Committee and the Local Pension Board. Internal audit awarded the Fund substantial assurance following its testing within the year.

Management and Financial Performance (continued)

Financial Performance

The financial performance of the Fund is monitored against budgeted performance on a regular basis throughout the year by the Pension Fund Committee.

Performance Indicators	2022-23	2022-23
	Budget	Actual
	£000	£000
Contributions	-120,000	-130,100
Transfers in from other funds	-8,500	-16,937
Total Income	-128,500	-147,037
Benefits payable	108,000	105,500
Payments to and for leavers	8,500	10,648
Total Benefits	116,500	116,148
Surplus of contributions over benefits	-12,000	-30,889
Management Expenses		
Administrative Costs	2,331	2,483
Investment Management Expenses (Invoiced)	480	276
Investment Management Expenses (Non-Invoiced)	0	12,945
Oversight and Governance Costs	834	911
Total Management Expenses	3,645	16,615
Total Income less Expenses	-8,355	-14,274
Investment Income	-26,000	-34,027
Taxes on Income	0	0
(Profit)/loss on disposal and changes in market value of investments	-127,000	173,661
Net return on investments	-153,000	139,634
Net (increase)/decrease in assets during the year	-161,355	125,360

Management expenses per active member are shown below:

Cost Per Active Member	2021-22	2022-23
	£	£
Active Members	23,868	23,949
Administrative Cost	99.38	103.68
Investment Management Expenses	457.85	552.05
Oversight and Governance Costs	29.66	38.04

Variance Analysis

- Contributions and benefits are in line with current membership numbers.
- Transfers in and payments out are demand led.
- Investment Management expenses budget is understated as this does not include a forecast for non-invoiced expenses which are pooled fees deducted from market value. This will be included in the 2023-24 budget.
- The 2022-23 budget for profit/loss on disposal and changes in market value of investments assumed the actuaries target would be achieved. The actual market experience is explained in the independent investment advisors report (page 39).

Details of non-investment assets and liabilities of the Fund can be found in the Statement of Accounts in Notes 21 to 22.

Management and Financial Performance (continued)

Performance Indicators

The Fund has developed a number of Key Performance Indicators (KPIs) to monitor service delivery, these KPIs are reviewed internally on a monthly basis to monitor and inform where delivery is met or remedial action is required. The Pension Fund Committee receives quarterly performance updates within a Business Plan update.

The below table shows the number and trend of the top 7 types of scheme administration cases demonstrating both workload and efficiency in meeting internal KPI and external legal requirements.

	Cases completed in the year	Cases completed within KPI target	% of Cases completed within KPI target
Deaths – initial letter acknowledging death of member <i>KPI: 5 working days, Legal requirement: 2 months</i>	536	536	100
Deaths – letter notifying amount of dependant’s pension <i>KPI: 5 working days, Legal requirement: 2 months</i>	330	329	99
Estimates – letter notifying estimate of retirement benefits to employee <i>KPI: 15 working days, Legal requirement: 2 months</i>	469	433	92
Retirements – process and pay pension benefits on time <i>KPI: 5 working days, Legal requirement: 2 months</i>	370	343	93
Deferment – calculate and notify deferred benefits <i>KPI: 15 working days, Legal requirement: N/A</i>	2,197	2,103	96
Transfers in – Letter detailing transfer in (actual) <i>KPI: 10 working days, Legal requirement: 2 months</i>	258	253	98
Transfers out – letter detailing transfer out (quote) <i>KPI: 10 working days, Legal requirement: 3 months</i>	488	485	99

Management and Financial Performance (continued)

Contributions

The Fund works closely with employers to collect contributions on time.

The following table shows the amount of regular employee and employer contributions paid during the year and the value and percentage of which were paid both on time and after the deadline of the 19th day of the month following deduction.

Contributions	Total Paid in 2022-23 £000	Total Paid On Time £000	% Paid On Time	Total Paid Late £000	% Paid Late
Employer	103,236	103,104	99	132	1
Employee	26,864	26,826	99	38	1
Total	130,100	129,930	99	170	1

The Fund did not apply any additional charges or levies in respect of contributions received late, and no reports were made to The Pensions Regulator in respect of late contributions during the year.

Recovery of Overpayments of Pension

The Fund participates in the National Fraud Initiative which is a biennial process undertaken in conjunction with the Audit Commission. The necessary recoveries arising from identified overpayments are being pursued.

Annual Pensioner Payroll (£) ¹	88,385,162
Total write off amount (£)	212,053
Write offs amount as % of payroll	0.24

¹Excludes additional pension awarded by the employer.

The following tables show the analysis of pension overpayments that occurred during the last five years:

Year	Overpayment £	Recovered/in progress £	Written Off £
2018-19 ²	516,269	379,396	136,873
2019-20	136,830	47,180	89,650
2020-21	45,998	5,297	40,701
2021-22	11,326	9,481	1,845
2022-23 ³	262,560	50,507	212,053

²Overpayments in 2018-19 and 2019-20 appear particularly high, as in addition to usual activity, the Fund undertook a significant reconciliation project during the year in which a number of overpayments were identified.

³Overpayments in 2022-23 are high, as in addition to usual activity, the Fund undertook a Guaranteed Minimum Pe (GMP) rectification project. Overpayments identified as a result of incorrect or non-application of the GMP are automatically written off without authorisation, unless the member could have known that their pension was being paid incorrectly as a result of the non or misapplication of GMP.

Overpayments identified with a value of under £250 are automatically written off, in line with the Fund's Overpayments Policy.

Management and Financial Performance (continued)

Contributors to the Fund

Active Employers as at 31 March 2023

Type Of Body	Number of Active Employers
Administering (AA)	1
Scheduled (S)*	261
Admitted (Ad)	64
Total	326

LEA schools are included within Scheduled Bodies but not in the above figures as they belong to their responsible local authorities, and in the table below they are shown in the Body column as S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Abbey CofE Acad (Daventry)	2,430	8,095	10,525		S
Abbeyfield School	61,639	181,214	242,853		S
Abington Vale Primary School	34,188	114,670	148,858		S
ABM (St Mary's CE Primary)	735	4,426	5,161		Ad
ABM Catering (Duston Eldean Primary School)	844	3,927	4,771		Ad
ABM Catering (Lyncrest Primary)	526	2,448	2,974		Ad
ABM Catering Limited (Innovate MAT)	571	2,002	2,573	Y	Ad
ABM Catering Limited - 2016 PDET	2,664	11,916	14,580		Ad
ABM Catering Limited (2018 PDET)	633	2,545	3,178		Ad
ABM Catering Limited (Montsaye Academy)	2,917	9,810	12,727		Ad
Action for Children (Daventry)	42	183	225	Y	Ad
Alfred Street Junior School (NNC)	6,256	28,759	35,015		S*
All Saints CofE VA Primary School (WNC)	34,128	155,096	189,224		S*
Alliance in Part' (Magdalen C)	94	724	818		Ad
AMEY Limited	11,745	35,229	46,974		Ad
Ashby Fields Primary School	25,446	97,902	123,348		S
Ashton CofE Primary School (WNC)	3,841	17,591	21,432		S*
Aspens - DSLV Academy (Dantre & Southbrook)	2,002	12,683	14,685		Ad

The table to the left, shows the number of employers in the Fund as at 31 March 2023. The breakdown of contributions by employer shown in the table below will show a different number of employers when compared to the left, as employers joined and left the fund throughout the year. An active or ceased column has been added to show this movement. Where contributions exist for ceased employers, these represent prior year adjustments that have been made within 2022-23, or contribution receipts recorded within the period.

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Badby School	12,613	43,770	56,383		S
Balfour Beatty-St Lighting	3,847	8,519	12,366		Ad
Barby & Olney Parish Council	196	3,821	4,017	Y	S
Barby Academy	4,906	14,203	19,109		S
Barry Road Primary (WNC)	29,083	129,568	158,651		S*
Barton Seagrave Primary School (NNC)	40,864	186,241	227,105		S*
Beanfield Primary School	64,638	202,956	267,594		S
Billing Brook Academy	93,244	293,921	387,165		S
Birkin Cleaning Services (Elizabeth Woodville)	4,974	33,819	38,793		Ad
Bishop Stopford Academy	69,252	222,999	292,251		S
Blackthorn Primary (Academy)	23,327	74,678	98,005		S
Blakesley CE Primary	5,520	26,105	31,625		S
Blisworth Community Primary School (WNC)	9,067	40,376	49,443		S*
Boddington C of E Primary Academy	4,347	17,072	21,419		S
Boothville Primary School (WNC)	47,768	221,234	269,002		S*
Boughton Primary Academy	11,027	35,804	46,831		S
Bozeat Community Primary Academy	8,605	36,708	45,313		S
Brackley Church of England Junior School (WNC)	12,280	55,564	67,844		S*

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Brackley Town Council	25,413	103,720	129,133		S
Brambleside Primary School	20,447	85,282	105,729		S
Braunston Academy	15,348	39,443	54,791		S
Briar Hill Primary Academy	17,677	58,750	76,427		S
Bridgewater Primary School (WNC)	46,176	208,284	254,460		S*
Brightr Ltd (Braunston Primary School)	287	1,045	1,332		Ad
Brigstock Latham's CE Primary School (NNC)	4,784	22,265	27,049		S*
Brington Primary school (WNC)	6,833	30,145	36,978		S*
Brixworth CEVC Primary Sch. (WNC)	31,927	143,377	175,304		S*
Brixworth Parish Council	1,372	5,244	6,616		S
Brooke Weston Academy	153,573	436,616	590,189		S
Broughton Primary School (NNC)	14,209	63,780	77,989		S*
Buckton Fields Primary School	8,780	35,813	44,593		S
Bugbrooke Comm Primary Sch. (WNC)	19,655	90,358	110,013		S*
Byfield Academy	10,188	37,409	47,597		S
Campion School	72,824	226,833	299,657		S
Camrose Early Years Centre Children and Families (WNC)	28,304	123,729	152,033		S*
Caroline Chisholm (Academy)	103,110	323,750	426,860		S
Castle Primary Academy	33,814	120,409	154,223		S
Caterlink (The Grange)	545	1,990	2,535		Ad
Caterlink Ltd (Eastfield Academy)	170	669	839		Ad
Cedar Road Primary (Academy)	12,786	44,927	57,713		S
Chacombe CEVA Primary Academy	7,993	29,382	37,375		S
Chenderit School (Academy)	38,721	126,760	165,481		S
Chiltern Primary School (WNC)	20,781	95,980	116,761		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Chipping Warden Primary Academy	6,647	28,812	35,459		S
Cleantec (Chenderit School)	2,105	7,502	9,607		Ad
Cleantec (The Parker E-ACT)	3,977	12,728	16,705		Ad
Cleantec Services (Grange Primary)	333	1,732	2,065		Ad
Clipston Primary (WNC)	6,931	32,000	38,931		S*
Cogenhoe Primary School	6,926	36,286	43,212		S
Collingtree C of E Primary School	6,329	17,034	23,363		S
Compass (The Abbey Primary School & Standens Barn Primary School)	507	2,361	2,868	Y	Ad
Compass Contract Services (Fairfields School)	42	197	239		Ad
Coombs Catering (Thomas Beckett Catholic Academy)	2,374	10,424	12,798		Ad
Corby Business Academy	75,979	234,360	310,339		S
Corby Old Village Sch (NNC)	15,033	68,518	83,551		S*
Corby Primary Academy	37,979	130,891	168,870		S
Corby Technical School	57,612	174,088	231,700		S
Corby Town Council	3,771	16,676	20,447		S
Cosgrove Village Primary (WNC)	7,024	32,691	39,715		S*
Cottingham CofE Primary Academy	8,639	22,991	31,630		S
Cranford CoE Academy	6,946	18,393	25,339		S
Crick Primary School (WNC)	11,266	50,915	62,181		S*
Croughton All Saints CE Primary (WNC)	6,941	30,635	37,576		S*
Croyland Nursery (NNC)	23,283	99,618	122,901		S*
Croyland Primary (Well'boro) (NNC)	45,099	204,515	249,614		S*
Cucina Restaurants (Elizabeth Woodville School)	3,267	12,703	15,970		Ad
Culworth C of E Primary Academy	6,893	29,144	36,037		S
Danesholme Infants Academy	18,772	74,715	93,487		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Danesholme Junior Academy	17,371	82,477	99,848		S
Daventry Hill School	71,419	218,203	289,622		S
Daventry Norse Limited	23,076	101,612	124,688		Ad
Deanshanger Parish Council	1,385	6,072	7,457		S
Deanshanger Primary (WNC)	22,761	102,409	125,170	Y	S*
Deanshanger Primary School	2,108	9,458	11,566		S
Delapre Primary School (WNC)	39,342	177,208	216,550		S*
Denfield Park Primary (NNC)	30,359	137,751	168,110		S*
Denton Primary School (WNC)	12,330	55,370	67,700		S*
Desborough Town Council	2,235	8,733	10,968		S
DSL V E-ACT Academy	39,514	127,900	167,414		S
Duston Eldean Primary (WNC)	31,967	145,292	177,259		S*
Duston Parish Council	8,011	30,778	38,789		S
Earl Spencer Primary School (WNC)	29,030	131,954	160,984		S*
Earls Barton Parish Council	1,756	7,668	9,424		S
Earls Barton Primary School (NNC)	29,494	135,662	165,156		S*
East Haddon CE Primary School (WNC)	4,303	19,831	24,134		S*
East Hunsbury Parish Council	6,026	18,860	24,886		S
East Hunsbury Primary Academy	37,952	149,653	187,605		S
Eastfield Academy	10,714	35,479	46,193		S
Easy Clean (Campion Sch)	2,377	8,254	10,631		Ad
Easy Clean Contractors Limited (St Thomas More Catholic Primary)	242	1,146	1,388		Ad
Easy Clean Contractors Ltd (St Brendan Pri)	466	3,506	3,972		Ad
Ecton Brook Primary (Academy)	55,417	183,211	238,628		S
Ecton Village Academy	4,356	16,769	21,125		S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Elizabeth Woodville Academy	50,133	186,283	236,416		S
emPSN Services Ltd (pre. EMBC)	25,941	55,355	81,296		Ad
Enterprise Managed Services Ltd	-	77,046	77,046	Y	Ad
Exeter - a learning community	43,234	137,772	181,006		S
Fairfields Special (WNC)	74,140	334,532	408,672		S*
Falconers Hill Academy	9,769	35,878	45,647		S
Falconers Hill Infant School	16,687	64,079	80,766		S
Farthinghoe Primary School	3,416	12,798	16,214		S
Finedon Infants School	11,894	45,047	56,941		S
Finedon Mulso CEVA Junior School	10,192	38,982	49,174		S
Finedon Town Council	1,303	6,213	7,516		S
Flore Church of England Primary School (WNC)	8,071	36,555	44,626		S*
Freemans Endowed Church of England Junior School	19,842	49,440	69,282		S
Fresh Start Catering Limited	639	2,820	3,459		Ad
Friars Academy	55,877	187,498	243,375		S
Futures Housing Group	26,361	311,707	338,068		Ad
Gateway School (WNC)	27,426	120,965	148,391		S*
Gayton Church Of England Primary School (WNC)	8,491	38,830	47,321		S*
Geddington CE Primary School (NNC)	13,606	61,482	75,088		S*
Glaphorn Church of England Primary School	4,757	17,536	22,293		S
Gloucester Nursery School (WNC)	11,100	49,045	60,145		S*
Grand Union Housing Group	68,748	344,407	413,155		Ad
Grange Park Parish Council	2,076	8,030	10,106		S
Grange Primary Academy	20,055	71,555	91,610		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Great Addington CEVA Academy	5,184	13,207	18,391		S
Great Doddington Primary (NNC)	6,381	29,468	35,849		S*
Greatwell Homes	30,218	21,396	51,614		Ad
Greatworth Primary School (WNC)	1,989	9,156	11,145		S*
Green Oaks Academy	17,002	69,434	86,436		S
Greenfields Primary School and Nursery	26,281	87,786	114,067		S
Greenfields Spec Sch for Comm	47,574	158,376	205,950		S
Greens Norton Primary School	12,538	33,545	46,083		S
Grendon CE Primary School (NNC)	13,509	34,598	48,107		S*
Gretton Primary School	7,841	26,065	33,906		S
GSO Limited (Prince William and Stimpson Avenue)	1,713	6,991	8,704		Ad
Guilborough CEVA Primary School	9,706	25,895	35,601		S
Guilborough School (Academy)	60,405	193,159	253,564		S
Hackleton CofE Aided Primary School (WNC)	10,014	44,757	54,771		S*
Hall Meadow Primary School	26,893	81,777	108,670		S
Hardingstone Academy	14,315	47,487	61,802		S
Harlestone Primary School (WNC)	5,014	23,336	28,350		S*
Harpole Primary School (WNC)	8,918	40,343	49,261		S*
Hartwell Primary (Academy)	10,549	35,096	45,645		S
Havelock Infants	17,853	66,864	84,717		S
Havelock Junior	20,594	77,351	97,945		S
Hawthorn Community Primary	17,803	65,404	83,207		S
Hayfield Cross CofE School (NNC)	20,521	93,819	114,340		S*
Hazel Leys Primary & Nursery School	20,089	89,921	110,010		S
Headlands Primary (Academy)	60,097	194,371	254,468		S

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Helmdon Primary School (WNC)	4,935	22,343	27,278		S*
Henry Chichele Primary School (NNC)	25,599	117,889	143,488		S*
Higham Ferrers Junior School (NNC)	22,413	100,332	122,745		S*
Higham Ferrers Nur & Inf sch (NNC)	20,750	93,084	113,834		S*
Higham Ferrers Town Council	3,054	11,406	14,460		S
Highfield Nursery (NNC)	11,716	51,341	63,057		S*
Hopping Hill Primary (WNC)	27,601	123,345	150,946		S*
Hospital and Outreach Education PRU	21,748	84,719	106,467		S
Hunsbury Park Primary (WNC)	29,612	131,764	161,376		S*
Huxlow Academy	51,731	194,068	245,799		S
IDVerde	38,173	7,332	45,505		Ad
Innovate Services Ltd (Campion School)	2,701	8,640	11,341		Ad
Irchester Primary	24,160	100,181	124,341		S
Irthlingborough Junior School	29,275	108,013	137,288		S
Irthlingborough Nursery & Infants School	20,864	79,237	100,101		S
Irthlingborough Town Council	9,851	40,074	49,925		S
Isebrook School	132,253	415,441	547,694		S
Isham CE Primary Academy	7,456	22,121	29,577		S
John Hellins Primary School (WNC)	17,241	79,566	96,807		S*
Just Ask Estate Services Limited	7,048	25,369	32,417		Ad
Kettering Buccleuch Academy	94,066	275,103	369,169		S
Kettering Park Infants Academy	14,470	70,068	84,538		S
Kettering Park Junior Academy	21,670	80,001	101,671		S
Kettering Science Academy (including Compass Primary)	109,977	342,369	452,346		S
Kettering Town Council	1,171	4,866	6,037		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Kier (May Gurney Fleet & Passenger)	17,940	107,013	124,953	Y	Ad
Kier (MAY GURNEY Ltd)	11,471	24,125	35,596	Y	Ad
Kier (May Gurney Nordis)	16,435	60,322	76,757		Ad
Kier (North Northants)	25,582	62,064	87,646		Ad
Kier (West Northants)	6,021	16,687	22,708		Ad
Kilsby Academy	6,911	24,737	31,648		S
Kings Cliffe Endowed Primary School (NNC)	12,220	55,606	67,826		S*
Kings Heath Primary Academy	17,640	57,618	75,258		S
Kings Meadow School (WNC)	16,567	74,599	91,166		S*
Kings Sutton Primary Academy	9,269	34,793	44,062		S
Kingsley Primary School	21,436	81,740	103,176		S
Kingsley Special Academy	77,888	291,154	369,042		S
Kingsthorpe College	41,714	221,913	263,627		S
Kingsthorpe Grove P (WNC)	39,492	180,214	219,706		S*
Kingsthorpe Village Primary School (WNC)	14,072	64,071	78,143		S*
Kingswood Catering (Bridgstock Lathams)	549	2,557	3,106		Ad
Kingswood Catering (Little Harrowden Primary)	240	821	1,061	Y	Ad
Kingswood Primary Academy	20,433	86,507	106,940		S
Kingswood Secondary Academy	80,030	315,417	395,447		S
Kislingbury CE Primary Academy	7,282	21,365	28,647		S
Latimer Arts College (NNC)	56,978	244,470	301,448		S*
Legacy Leisure Ltd	1,047	5,710	6,757		Ad
Lings Primary (Academy)	24,388	78,244	102,632		S
Little Harrowden Community Primary School	11,375	38,328	49,703		S
Little Houghton CE Primary (WNC)	6,535	30,231	36,766		S*
Little Stanion Primary School (NNC)	21,431	93,617	115,048		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Loatlands Primary Academy	29,365	108,809	138,174		S
Loddington CE Primary School	8,180	20,481	28,661		S
Lodge Park Academy	51,394	189,485	240,879		S
Long Buckby Infant School (WNC)	8,571	39,926	48,497		S*
Long Buckby Junior School (WNC)	15,512	70,953	86,465		S*
Lumbertubs Primary Academy	16,033	51,821	67,854		S
Lyncrest Primary School (WNC)	12,794	58,324	71,118		S*
Magdalen College (Academy)	74,799	296,036	370,835		S
Maidwell Primary School (WNC)	5,603	25,779	31,382		S*
Malcolm Arnold Academy	61,080	192,076	253,156		S
Malcolm Arnold Prep (DRET)	14,410	46,042	60,452		S
Manor School Sports College	117,497	257,112	374,609		S
Maplefields Academy	49,050	174,107	223,157		S
Mawsley Primary (NNC)	17,434	78,538	95,972		S*
Maxim Facilities Management Ltd	1,210	4,822	6,032		Ad
Meadowside Primary School (NNC)	29,618	132,550	162,168		S*
Mears Ashby C of E Endowed School	6,084	14,354	20,438		S
Middleton Cheney Academy	23,016	79,616	102,632		S
Millbrook Infant (NNC)	16,200	73,619	89,819		S*
Millbrook Junior School (NNC)	32,030	144,279	176,309		S*
Millway Primary School (WNC)	20,732	93,387	114,119		S*
Milton Parochial Primary School	6,644	20,928	27,572		S
Miquill South LTD (Whitefriars School)	167	777	944		Ad
Mitie Care & Custody Ltd	19,362	56,720	76,082		Ad
Monksmoor Park CE Primary School (WNC)	15,571	70,099	85,670		S*
Montsaye Academy	72,263	216,925	289,188		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Moulton College	239,751	852,008	1,091,759		S
Moulton Parish Council	11,061	40,919	51,980		S
Moulton Primary School (WNC)	39,733	180,854	220,587		S*
Moulton School and Science College	74,074	231,367	305,441		S
Naseby CE Primary	3,592	13,468	17,060		S
Nassington School (NNC)	5,169	23,127	28,296		S*
Newbottle and Charlton CEVA Primary School (WNC)	7,526	34,916	42,442		S*
Newnham Primary Academy	5,229	21,368	26,597		S
Newton Road School	14,243	48,358	62,601		S
Nicholas Hawksmoor Primary School	74,402	278,345	352,747		S
North Northants Council	4,717,692	20,337,313	25,055,005		S
Northampton Academy	103,832	301,213	405,045		S
Northampton College	388,013	1,528,017	1,916,030		S
Northampton High School	19,701	131,032	150,733		Ad
Northampton International Academy	92,725	325,848	418,573		S
Northampton Partnership Homes Ltd	600,376	3,154,576	3,754,952		S
Northampton School for Boys	93,953	292,625	386,578		S
Northampton School for Girls Academy	58,577	232,053	290,630		S
Northampton Theatres Trust Ltd	12,542	110,376	122,918		Ad
Northampton Town Council	20,507	72,055	92,562		S
Northamptonshire Carers	6,151	22,647	28,798		Ad
Northamptonshire Children's Trust	2,182,132	6,491,067	8,673,199		S
Northamptonshire County Council	-	11,773	11,773	Y	AA (pre Apr21)
Northamptonshire Fire & Rescue Service	127,663	343,364	471,027		S
Northamptonshire Sport	33,895	81,634	115,529		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Northants Chief Constable	2,034,800	6,348,554	8,383,354		S
Northants Music & P/A Trust	3,838	-	3,838		Ad
Northants Police & Fire Crime Commissioner	161,620	364,396	526,016		S
Northgate Sch Arts (Academy)	117,137	375,509	492,646		S
NSL LTD	880	-	880	Y	Ad
Oakley Vale Primary School	21,286	67,510	88,796		S
Oakway Academy	23,008	97,632	120,640		S
Old Stratford Primary School	11,111	44,931	56,042		S
Olympic Primary School Academy	21,968	80,398	102,366		S
Oundle CE Primary School	24,484	62,928	87,412		S
Oundle Town Council	4,113	16,188	20,301		S
Our Lady Immaculate Catholic Academies Trust HQ staff	21,158	56,225	77,383		S
Our Lady of Walsingham Catholic Primary School	23,050	79,639	102,689		S
Our Ladys Catholic Primary School	21,933	138,928	160,861		S
Overstone Primary School (WNC)	11,408	51,649	63,057		S*
Park Junior School (NNC)	21,783	103,456	125,239	Y	S*
Parklands Nursery School (WNC)	6,284	28,325	34,609		S*
Parklands Primary School	16,674	65,823	82,497		S
Parkwood Leisure Ltd (formerly The Castle Theatre)	1,186	4,250	5,436		Ad
Pathfinder Legal Services Ltd (WNC)	123,407	423,751	547,158		S
Pattishall Church of England Primary School (WNC)	8,938	41,054	49,992		S*
Paulerspury CoE Primary (WNC)	6,217	30,387	36,604	Y	S*
Pboro Diocese Ed. Trust (HQ)	84,626	150,873	235,499		S
Pen Green Centre for Children	98,581	385,200	483,781		S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased Body
Pineham Barns Primary School (Free School)	17,445	56,453	73,898	S
Pitsford Primary School (WNC)	4,826	22,293	27,119	S*
Places For People Leisure Management Ltd	7,522	-	7,522	Ad
Polebrook CoE Primary School	4,446	20,814	25,260	S
Preston Hedge's Primary (Acade)	36,756	110,232	146,988	S
Prince William Academy	30,793	152,671	183,464	S
Priors Hall - A Learning Community	28,275	108,254	136,529	S
Prospects Services	10,222	-	10,222	Ad
Purple Oaks Academy	33,093	114,447	147,540	S
Pytchley Endowed CEVA Primary School	8,355	28,201	36,556	S
Queen Eleanor Primary Academy	14,832	51,277	66,109	S
Raunds Park Infant School	8,195	38,539	46,734	S
Raunds Town Council	9,192	37,575	46,767	S
Rectory Farm Primary Academy	16,537	59,455	75,992	S
Red Kite Academy	53,689	166,914	220,603	S
Redwell Primary School	32,084	163,654	195,738	S
Ringstead CoFE Primary Academy	10,363	26,432	36,795	S
RM Education (Brooke Weston Academy)	25,084	96,978	122,062	Ad
Road Primary School (WNC)	18,270	83,902	102,172	S*
Rockingham Forest Trust	709	5,071	5,780	Ad
Rockingham Primary Academy	18,582	60,539	79,121	S
Ronald Tree Nursery School	16,033	70,620	86,653	S
Rothersthorpe CE Primary School (WNC)	3,800	16,834	20,634	S*
Rothwell Junior School	20,145	75,149	95,294	S
Rothwell Town Council	1,351	5,869	7,220	S
Rothwell Victoria Infants School	15,562	57,587	73,149	S
Rowan Gate Primary (NNC)	104,110	465,139	569,249	S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased Body
Rushden Academy	48,162	167,160	215,322	S
Rushden Primary Academy	24,604	79,492	104,096	S
Rushden Town Council	18,506	67,475	85,981	S
Rushton Primary Academy	6,324	23,908	30,232	S
Ruskin Infant and Nursery School	14,590	59,124	73,714	S
Ruskin Junior Academy	19,093	78,325	97,418	S
Shaw Healthcare	9,140	-	9,140	Ad
Silverstone CE Primary Academy	16,376	44,254	60,630	S
Silverstone UTC	29,683	82,878	112,561	S
Simon de Senlis Primary Academy	26,613	106,110	132,723	S
Sir Christopher Hatton Academy	87,397	267,919	355,316	S
South End Infant School (NNC)	22,189	100,876	123,065	S*
South End Junior Rushden (NNC)	21,249	96,935	118,184	S*
Southfield Primary Academy	11,514	44,977	56,491	S
Southfield School for Girls	57,529	216,561	274,090	S
Sponne School (Academy)	96,442	309,031	405,473	S
Sports & Leisure Management (Everyone Active)	1,344	3,914	5,258	Ad
Spratton CE Primary School	9,644	23,639	33,283	S
Spring Lane Primary School	27,255	90,251	117,506	S
St Andrews CEVA Primary School (WNC)	22,344	100,352	122,696	S*
St Andrews Primary Academy	28,340	65,715	94,055	S
St Barnabas	14,878	37,808	52,686	S
St Brendan's Catholic Primary School	14,609	69,068	83,677	S
St Edwards Catholic Primary	11,189	46,866	58,055	S
St Gregory's Catholic Primary School	19,566	77,616	97,182	S

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
St James CE Primary School	56,231	136,526	192,757		S
St James Infant School	17,087	57,938	75,025		S
St Loy C of E Primary Academy	3,368	13,224	16,592		S
St Lukes CEVA Primary School Academy	27,390	77,242	104,632		S
St Marys Catholic Primary School	11,843	48,860	60,703		S
St Mary's Catholic Primary School (Aston-le-Walls) (WNC)	4,159	-	4,159		S*
St Mary's CEVA Pri Acad Kettering	22,272	81,851	104,123		S
St Mary's Pri Acad, Burton Latimer	18,131	44,521	62,652		S
St Patricks Primary (NNC)	17,612	79,499	97,111		S*
St Peters's C of E Academy	8,803	30,517	39,320		S
St Thomas More Catholic Primary School	12,725	58,251	70,976		S
Standens Barn Primary School	18,449	72,489	90,938		S
Stanion CoFE (Aided) Primary School (NNC)	6,360	29,507	35,867		S*
Stanton Cross Primary Sch	3,250	14,393	17,643		S
Stanwick Academy	9,430	40,293	49,723		S
Stanwick Parish Council	1,388	6,077	7,465		S
Staverton CoFE Pri Academy	9,774	29,978	39,752		S
Stimpson Avenue Primary Academy	20,009	77,162	97,171		S
Stoke Bruerne Church Of England School (WNC)	5,615	25,973	31,588		S*
Studfall Infant School & Nursery Academy	33,809	143,218	177,027		S
Studfall Junior School Academy	32,465	140,927	173,392		S
Sunnyside Primary (Academy)	13,827	53,790	67,617		S
Syresham St James C.E. Primary School and Nursery (WNC)	8,827	39,596	48,423		S*
Sywell CEVA Primary School	5,448	17,926	23,374		S
Taylor Shaw (Ferrers School)	3,268	12,834	16,102		Ad

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Tennyson Road Infant School (NNC)	12,054	51,351	63,405		S*
The Abbey Primary School	18,512	72,489	91,001		S
The Arbours Primary (Academy)	17,499	57,921	75,420		S
The Avenue Infants School (NNC)	17,899	82,286	100,185		S*
The Bliss Charity School (WNC)	10,653	46,603	57,256		S*
The Bramptons Primary School (WNC)	4,097	19,067	23,164		S*
The CE Academy	37,289	132,489	169,778		S
The Duston School (Academy)	83,761	258,356	342,117		S
The Ferrers School Academy	46,897	159,136	206,033		S
The Good Shepherd Catholic Primary School	17,171	81,387	98,558		S
The Grange School (WNC)	14,756	64,769	79,525		S*
The Parker E-ACT Academy	183,720	435,979	619,699		S
The Spires Academy	15,021	52,230	67,251		S
The University of Northampton	1,310,156	5,235,895	6,546,051		S
Thomas Becket Catholic School	37,226	171,415	208,641		S
Thorplands Primary (Academy)	20,707	70,776	91,483		S
Thrapston Primary (NNC)	38,227	173,058	211,285		S*
Thrapston Town Council	3,142	11,737	14,879		S
Tiffield Church of England Voluntary Aided Primary School (WNC)	3,287	15,301	18,588		S*
Titchmarsh Church of England Primary (NNC)	4,611	21,207	25,818		S*
Towcester CE Primary School (Acad)	28,065	86,493	114,558		S
Towcester Town Council	5,856	23,298	29,154		S
Trilogy Active Ltd	48,713	85,604	134,317		Ad
Trinity CE Primary School	8,695	23,970	32,665		S
Uni of Northampton Enterprises	26,392	-	26,392		Ad

Management and Financial Performance (continued)

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Upton Meadows	34,388	123,116	157,504		S
Upton Parish Council	1,031	4,090	5,121		S
Veolia UK Ltd	56,222	173,972	230,194		Ad
Vernon Terrace Primary (WNC)	25,836	115,667	141,503		S*
Victoria Primary Academy	27,435	91,230	118,665		S
Voice for Victims and Witnesses Ltd	17,768	48,303	66,071	Y	Ad
Walgrave Primary School (WNC)	9,551	43,599	53,150		S*
Wallace Road Nursery School (WNC)	6,293	27,960	34,253		S*
Warmington School (NNC)	7,497	34,524	42,021		S
Warwick Primary Academy	19,270	58,425	77,695		S
Waynflete Infants' (Academy)	8,767	42,380	51,147		S
Weavers Academy	79,723	293,618	373,341		S
Weedon Bec Parish Council	1,636	6,395	8,031		S
Weedon Bec Primary School	28,738	91,767	120,505		S
Weldon Primary Academy	15,274	49,399	64,673		S
Welford, Sibbertoft and Sulby Endowed School	5,547	17,034	22,581		S
Wellingborough Norse Limited	739	-	739	Y	Ad
Wellingborough Town Council	7,794	24,433	32,227		S
Welton C of E Primary (Academy)	7,865	26,060	33,925		S
West Haddon Endowed CE Primary (WNC)	18,486	84,835	103,321		S*
West Haddon Parish Council	2,062	9,521	11,583		S
West Northants Council	5,158,996	22,685,871	27,844,867		AA
Weston Favell Academy	71,680	246,088	317,768		S
Weston Favell CE Primary School	32,901	118,043	150,944		S
Whitefriars Primary School (NNC)	27,555	124,028	151,583		S*

Employer	Employee Contributions £	Employer Contributions £	Grand Total £	Ceased	Body
Whitehills Nursery School (WNC)	8,464	37,672	46,136		S*
Whitehills Primary (WNC)	24,658	113,905	138,563		S*
Whittlebury Church of England Primary School (WNC)	4,213	19,267	23,480		S*
Wilbarston Primary Academy	7,052	20,120	27,172		S
Wilby CE Primary School (NNC)	6,982	31,581	38,563		S*
Windmill Primary School	21,541	75,201	96,742		S
Wollaston Primary School	12,761	49,257	62,018		S
Wollaston School (Secondary)	71,279	290,001	361,280		S
Woodford CoFE Primary School	7,117	30,152	37,269		S
Woodford Halse CE Primary Academy	18,193	62,933	81,126		S
Woodland View Primary Academy	23,776	91,760	115,536		S
Woodnewton - a learning community	67,839	212,635	280,474		S
Woodvale Primary (Academy)	30,969	97,863	128,832		S
Wootton Parish Council	7,955	29,286	37,241		S
Wootton Park School	87,227	245,404	332,631		S
Wootton Primary (Academy)	24,723	82,980	107,703		S
Wren Spinney Community School	47,082	211,118	258,200		S
Wrenn School	82,331	299,374	381,705		S
WSP Management Services Ltd	13,245	-	13,245	Y	Ad
Yardley Gobion CE Primary School (WNC)	4,426	20,570	24,996		S*
Yardley Hastings Primary (WNC)	9,094	42,328	51,422		S*
Yelvertoft Primary School (WNC)	7,129	32,377	39,506		S*
Grand Total	26,864,457	103,235,973	130,100,430		

Investment Policy and Performance

Introduction

The Fund's approach to its investment arrangements is set out in its Investment Strategy Statement, (ISS) as required by Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("the Regulations") that requires the Fund to create and maintain an approach to investments that includes, amongst other things:

- a requirement to invest fund money in a wide variety of investments;
- the Fund's assessment of the suitability of different types of investments;
- the Fund's approach to risk, including the ways in which risks are assessed and managed;
- the Fund's approach to pooling investments;
- the Fund's policy on how social, environmental and corporate governance considerations are taken into account; and
- the Fund's policy on the exercise of the rights (including voting rights) attaching to investments.

The Pensions Committee (PC) approves investment policies and strategy and an Investment Sub-Committee (ISC), which is supported by the Fund's Advisors, to implement these investment policies and strategy, which includes the appointment and dismissal of Investment Managers and monitoring of performance.

The Fund adopts a long-term perspective, focussing its investment strategy to generate sustainable returns on a risk adjusted basis to grow the Fund's assets to reflect its equally long-term future liabilities. The Pensions Committee, Local Pensions Board, Fund officers and professional advisors have worked hard to develop an enhanced responsible investment (RI) policy, which forms part of our overall investment strategy. The new RI policy sets out our approach to sustainable responsible investment and will help us manage the carbon and climate risks impacting our investments better.

The RI policy was agreed following a consultation that was open to scheme members and scheme employers. You can find a copy of the summary consultation responses and an updated investment strategy statement on our [key documents page](#).

The revised RI policy will inevitably mean some changes to our underlying investments over time. In February 2022, the Investment Sub Committee approved decarbonisation targets to reduce the carbon emissions of listed equities by 25% by 2024 and by 59% by 2030 together with a climate action plan for 2022, 2023 and beyond.

The Fund intends decarbonising the portfolio at the same rate as the European Policy Curve (EPC) meaning the Funds decarbonisation pathway would align with Paris Accord and achieve the ambitions target to reach net zero by 2050 or earlier.

Progress against these targets will be reviewed regularly via a climate dashboard setting out key carbon metrics which will be measured and tracked over time. Regular communication will be provided on how the Fund is progressing on its journey to achieve net zero.

You can find copies of the Funds climate action plan, decarbonisation pathway, and climate dashboard on the [key documents page](#).

The Fund is a member of the Local Authority Pension Fund Forum (LAPFF), which is a voluntary association of LGPS funds that seeks to protect and enhance the value of its members' shareholdings by way of shareholder engagement, by action on corporate governance issues and by seeking to promote the highest standards of corporate social responsibility at the companies in which LAPFF members invest. Through LAPFF, the Fund exercises its belief that engagement with company management to promote improvements in SRI practices is more powerful than divesting from the company's shares.

The Fund will continue to support the principles of the UK Stewardship Code (the "Stewardship Code") with plans to subscribe to the Stewardship code during 2023-24.

Information about Investment Manager voting is available at [Northamptonshire Pension Fund Key Documents](#)

Investment Policy and Performance (continued)

Role of Investment Managers

Each Investment Manager relationship is governed by an Investment Management Agreement, which sets out how much they can invest, the asset class in which the Fund has employed them to invest, the expected target return and how much the Fund will pay for this service.

Active focus

The Fund with the exception of the passive Global Equity mandate and passive index-linked bonds, favours “active” briefs to outperform agreed specific benchmarks.

Custodian

The Fund’s Custodian is Northern Trust. The Custodian is responsible for ensuring that the Fund has good title to all investments, that all trades instructed by Investment Managers are settled on time and that all income due to the Fund is received and recorded accurately. Northern Trust also maintain the investment accounting records for the Fund.

Asset Pooling

The Fund is working with ten like-minded LGPS funds to implement the ACCESS asset pool in response to the Government’s LGPS reform agenda. The main aim is to encourage LGPS Funds to work together to form asset pools to “pool investments to significantly reduce costs, while maintaining investment performance.” Individually, the participating funds have a strong performance history and potential for substantial benefits for a group of successful, like-minded authorities collaborating and sharing their collective expertise. **Collectively as at 31st March 2023, the ACCESS Pool has significant scale with assets of £60bn (of which 58.5% has been pooled) serving 3,500 employers with 1.2 million members including 310,000 pensioners.**

The roles and decision-making relationship between the eleven funds is informed by an Inter Authority Agreement. The ACCESS pool is governed by the ACCESS Joint Committee (AJC) comprising the Chairmen of the eleven constituent funds. The AJC have appointed Link Fund Solutions Ltd (Link) as operator of the pool and the LF ACCESS Authorised Contractual Scheme (ACS).

The Fund’s passive equity investments are invested with UBS Asset Management under a collaborative arrangement with fellow ACCESS funds, which has generated significant fee savings for the Fund.

At 31 March 2023, the Northamptonshire Fund had invested £1,480m in sub-funds of the ACCESS Authorised Contractual Scheme and £904m in the UBS passive arrangement resulting in £2,384m of assets under pool management representing 74% of the Fund’s assets.

During 2023-24 the Fund expects further investment in fixed income sub-funds of the ACS when they become available. The focus for ACCESS in 2023-24 is to continue work performed in 2022-23 to develop a pooled solution for Alternative asset classes.

The ACCESS Support Unit (ASU) has been created to manage the Operator contract against specified KPIs and provide technical and secretariat support services to the AJC and Officer Working Group (OWG).

In addition to the savings in Investment Management fees through joint investments, there are other tangible benefits from pooling including a governance dividend (potential for reduced risk due to manager diversification achieved at pool level) and tax savings.

More information about the ACCESS asset pool can be found on their website: [ACCESS Pool](#). The ACCESS Annual Report can be found at Appendix A to the Annual Report.

Investment Policy and Performance (continued)

The Costs of Pooling

The costs of the pool are collected by a nominated ACCESS authority and re-charged in equal shares to the eleven ACCESS funds.

Northamptonshire's share of costs is reported within Oversight and Governance Costs in Note 11 to the Statement of Accounts and comprises the following:

Operational Costs	2022-23 £000	2015-16 to 2022-23 Cumulative £000
Strategic & Technical	30.4	192.0
Legal	19.9	131.9
Project Management	0	81.1
ACCESS Support Unit	50.7	211.2
Other	5.9	35.3
Total Operational Costs	106.9	651.5

Cost Savings

The fee savings for the 2022-23 financial year resulting from the asset pooling agenda exceed £2m.

Cost Transparency

The analysis below shows the investment expenses incurred during financial year 2022-23 between expenses incurred in respect of Pooled Assets held in the ACCESS Pool and those assets held outside of the pool. Direct costs include invoiced costs and costs deducted from the value of fund, or from income generated, in accordance with the fee agreement in place with each manager and explicit transaction costs. Indirect costs include implicit costs and third-party fees and charges. These are indicative estimates provided by Investment Managers as the reporting practices for the Cost of Transparency are still evolving.

Cost Transparency - continued

	Asset Pool			Non- Asset Pool			Fund Total	
	Direct	Indirect	Total	Direct	Indirect	Total		
	£000	£000	£000	£000	£000	£000	£000	£000
Investment Management Fee								
Performance Fee								
Transaction taxes								
Broker commissions								
Other explicit costs								
Implicit/indirect transaction costs								
Administration								
Governance and Compliance								
Other								
Total								

Investment Policy and Performance (continued)

Investment Allocation and Performance

The Pension Fund Committee is responsible for approving the Strategic Asset Allocation proposed by the Investment Sub-Committee (ISC). The Pension Fund Committee performed a review of the Strategic Asset Allocation at the March 2023 meeting in conjunction with the Fund’s Investment Consultants, Mercer Ltd and the independent Investment Advisor. The review assessed the appropriateness of the current strategy and any changes necessary to increase the likelihood of meeting the Fund’s objectives, namely:

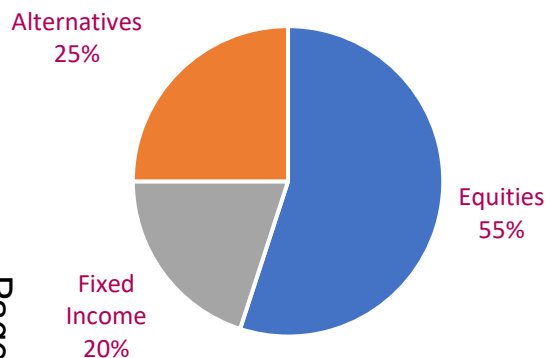
- To reach full funding and be in a position to pay benefits as they fall due; and
- To ensure contributions remain affordable to employers

The recommended changes to the strategy aims to manage the risk that asset returns are below those assumed by the actuary, whereby the funding position worsens. The following changes to the strategy were approved by Pension Fund Committee in March 2023:

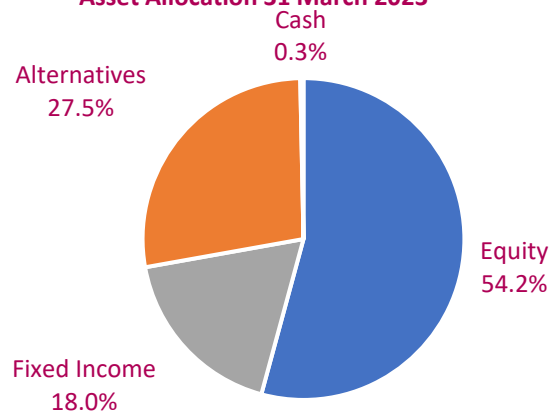
- Reduce the equity allocation by 12.5%, removing the standalone UK equity allocation and retaining the passive equity allocation at 20%;
- Increase fixed income (+10%) and alternatives (+2.5%) allocations to provide greater exposure to inflation linked, cashflow generative assets while protecting the strong funding position;
- Remove the Diversified Growth Fund (-5%) within the alternatives allocation to facilitate direct investment across private market alternative assets;
- Consider sustainable and impact opportunities across an expanded private markets portfolio –aligned with “levelling up” guidance.

The charts below show the Strategic Asset Allocation at the end of the financial year, the strategic asset allocation following Pension Fund Committee approval and the actual allocation of assets at 31 March 2023.

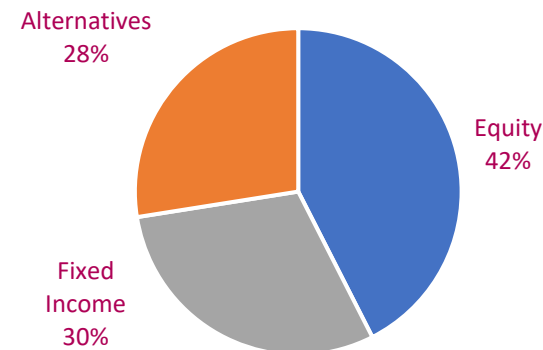
Strategic Allocation at 31 March 2023



Asset Allocation 31 March 2023



Approved Strategic Asset Allocation



Investment Policy and Performance (continued)

Value of Investments held by each of the Fund's Investment Managers on 31 March 2022 and 31 March 2023:

Manager	31 March 2022		31 March 2023	
	£m	% of Total	£m	% of Total
Equities				
Liontrust UK Equity	293.9	8.8	301.2	9.3
UBS UK Passive Equity	27.4	0.8	28.2	0.9
Newton Global Equity	313.7	9.4	313.8	9.7
Baillie Gifford - Long Term Global Growth	223.3	6.7	195.6	6.1
Longview Global Equity	286.5	8.5	302.9	9.4
UBS Passive Global Equity	676.5	20.2	607.8	18.8
Fixed Income				
UBS Index Linked Gilts	327.1	9.8	268.1	8.3
BlueBay	157.1	4.7	147.9	4.6
M&G Alpha Opportunities	154.6	4.6	163.7	5.1
Alternatives				
CBRE Property	248.5	7.4	213.1	6.6
Baillie Gifford – Diversified Growth	221.7	6.6	202.8	6.3
M&G Real Estate	60.8	1.8	61.7	1.9
HarbourVest	104.6	3.1	129.7	4.0
Adams Street	82.3	2.5	105.9	3.3
Ares Capital	34.7	1.0	35.0	1.1
Allianz	17.1	0.5	11.9	0.4
IFM Infrastructure	58.3	1.7	67.6	2.1
JP Morgan	44.7	1.3	58.6	1.8
Catapult	0.5	0.0	0.6	0.0
Cash				
	21.5	0.6	10.4	0.3
Total	3,354.8	100.0	3,226.5	100.0

Investment Policy and Performance (continued)

Total Fund Performance

The total investment return for the Fund over the financial year was -4.8% net of fees compared with a weighted benchmark return of -3.8%. In the previous year the total investment return was 8.2% compared with a weighted benchmark of 10.8%. The Fund's total investment return was 9.7% p.a over the three years to 31 March 2023, 6.2% p.a over the five years to 31 March 2023, and 7.4% p.a over the ten years to 31 March 2023.

Performance of Managers

The ISC continues to monitor the Investment Managers' performance against their benchmark at their quarterly meetings. All managers are measured against market-based performance benchmarks with bespoke outperformance targets set for active managers which are expected to be met over a three to five year period. Net of fees performance of each manager compared to benchmark over one, three and ten years is shown in the table below.

Asset Class /Manager	1 year (% p.a)			3 year (% p.a)			10 year (% p.a)		
	Return	Benchmark	Variance	Return	Benchmark	Variance	Return	Benchmark	Variance
Liontrust UK Equity	2.6	2.9	-0.3	12.7	13.8	-1.1	5.5	5.8	-0.3
Newton – Global Equity	0.1	-1.4	1.5	14.8	15.5	-0.7	10.8	10.3	0.5
Baillie Gifford - Long Term Global Growth	-12.4	-1.4	-11.0	11.8	15.5	-3.7	n/a	n/a	n/a
Longview Global Equity	5.8	-1.4	7.2	18.1	15.5	2.6	n/a	n/a	n/a
UBS – Passive Equity	-1.3	-1.4	0.1	14.8	14.7	0.1	10.4	10.4	0.0
UBS Index Linked Gilts	-30.6	-30.4	-0.2	-10.9	-10.8	-0.1	n/a	n/a	n/a
BlueBay	-5.9	-1.7	-4.2	n/a	n/a	n/a	n/a	n/a	n/a
M&G Alpha Opportunities	1.9	-1.7	3.6	n/a	n/a	n/a	n/a	n/a	n/a
Baillie Gifford - DGF	-8.5	5.8	-14.3	3.6	4.4	-0.8	2.5	4.2	-1.7
CBRE - Property	-12.8	-14.5	1.7	0.9	2.6	-1.7	5.1	6.4	-1.3
M&G – Residential Property	0.9	6.0	-5.1	1.8	6.0	-4.2	n/a	n/a	n/a
M&G – Shared Ownership	1.6	6.0	-4.4	n/a	n/a	n/a	n/a	n/a	n/a
HarbourVest – Private Equity	16.4	8.9	7.5	29.1	8.9	20.2	n/a	n/a	n/a
Adams Street – Private Equity	1.4	8.9	-7.5	30.2	8.9	21.3	n/a	n/a	n/a
Ares Capital – Infrastructure Debt	14.4	10.0	4.4	7.9	10.0	-2.1	n/a	n/a	n/a
Allianz – Infrastructure Debt	-28.0	4.0	-32.0	-9.4	4.0	-13.4	n/a	n/a	n/a
IFM Infrastructure	19.7	10.0	9.7	12.0	10.0	2.0	n/a	n/a	n/a
JP Morgan	16.9	10.0	6.9	n/a	n/a	n/a	n/a	n/a	n/a

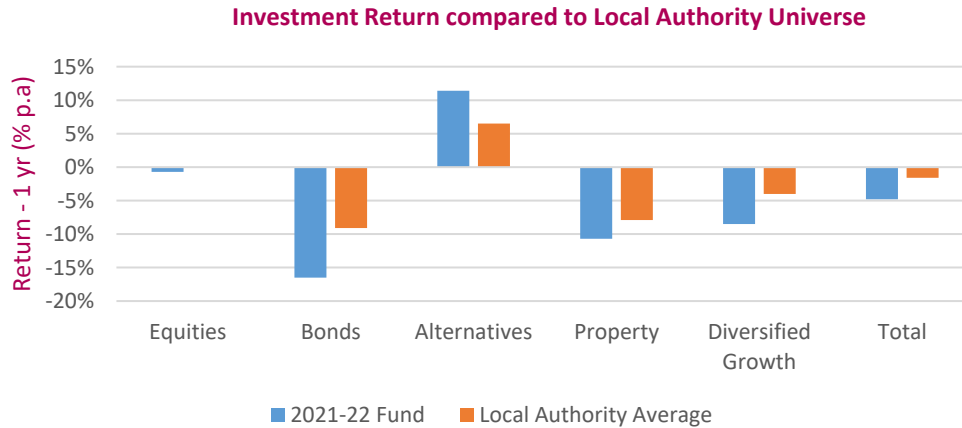
n/a = Not invested for the full period therefore no meaningful performance measure is available

Investment Policy and Performance (continued)

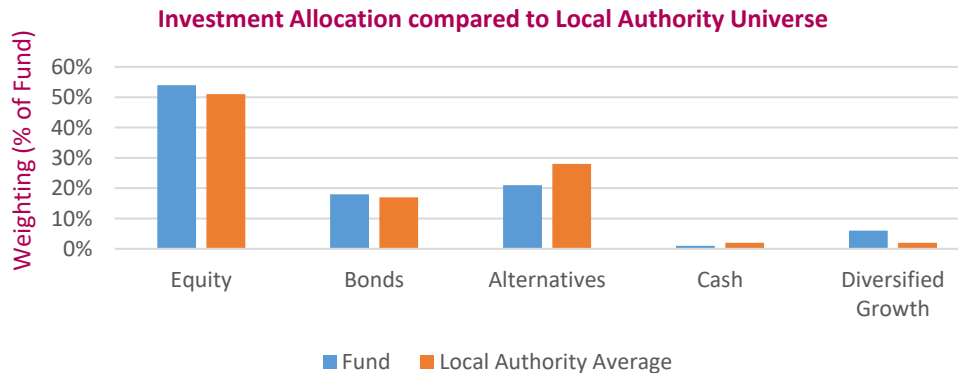
Performance in Comparison with Local Authority Universe

The Local Authority Universe is a national scheme consisting of 63 pension funds collated by PIRC Ltd that provides benchmarking of local authority pension funds investment performance.

In 2022-23 the Fund's performance of -4.8% net of fees over the financial year was ranked **80th percentile out of the 63 Funds participating in the Universe.**



The Fund's current strategy has a slightly higher allocation to Equities and Bonds and a lower allocation to Alternatives when compared to the Local Authority Universe.



Investment Policy and Performance (continued)

Climate Change Report

Executive summary

The Fund recognises the systemic risk associated with climate change as well as the Administering Authority's targets in this regard and the views and aspirations of other scheme employers and scheme members.

In order to manage this systemic risk and to align with its support of the Paris Agreement and a “just transition”, **the Fund currently expects that its investment portfolio will be net carbon neutral by 2050, in line with UK Government’s targets.**

The Fund is working towards producing a climate change reports in future which comply with Task Force on Climate-Related Financial Disclosures (“TCFD”) reporting recommendations, which are expected to become mandatory for LGPS Funds in the coming years. This report provides a summary of the Fund’s position as it relates to climate change, assessed across the four pillars under the TCFD Framework:

- **Governance:** How the Pension Fund Committee (“Committee”) maintains oversight and incorporates climate change into its decision making;
- **Strategy:** How potential future climate warming scenarios could impact the Fund;
- **Risk Management:** How climate-related risk is incorporated in the Fund’s broader risk management processes; and
- **Metrics and Targets:** How the Committee measures, and monitors progress against different climate related indicators known as metrics and targets.

Governance

The Administering Authority has delegated to the Committee the power to determine and maintain the Fund’s strategies, policies and

procedures. Implementation of the strategy and the monitoring of performance is delegated to the Investment Sub-Committee (“ISC”), for which the membership is drawn from the Committee.

Research into how climate-related risks and opportunities impact financial markets is constantly evolving and expanding. The Committee or its ISC receives training on a regular basis to keep up-to-date with developments and will allocate time on meeting agendas to cover items such as developing and meeting the Fund’s climate action plan, climate-change scenario analysis, reporting of metrics and monitoring of progress against agreed targets.

The Committee acknowledges that the reporting of climate-related risk is relatively new and the collective experience of the Committee and ISC will grow over time.

Climate change will form an explicit agenda item at least annually for the Committee or ISC when the Fund’s climate action plan and / or when the Fund’s annual climate change report is updated. It will also be covered as part of other agenda items as part of a wider discussion of funding or investment strategy, or as part of the investment manager appointment and review discussions.

Strategy

The Fund undertook climate scenario analysis on its investment strategy in 2021. Given the uncertainty around the timing and impact of climate-related transition and physical risks, the ISC considered three climate scenarios or ‘warming pathways’ i.e. the expected degrees of warming of the atmosphere by the end of the century relative to pre-industrial levels, to help test the resiliency of the Fund’s investment strategies at the strategic level.

Investment Policy and Performance (continued)

Whilst a lower warming pathway (**2°C scenario**) is one in which governments, businesses and society should aim for as a minimum, there is a possibility that a failure to reduce GHG emissions quickly enough could set off irreversible feedback loops that significantly warms the planet (as modelled by **3°C and 4°C scenarios**).

The Fund will be impacted by climate change, regardless of the scenario that unfolds.

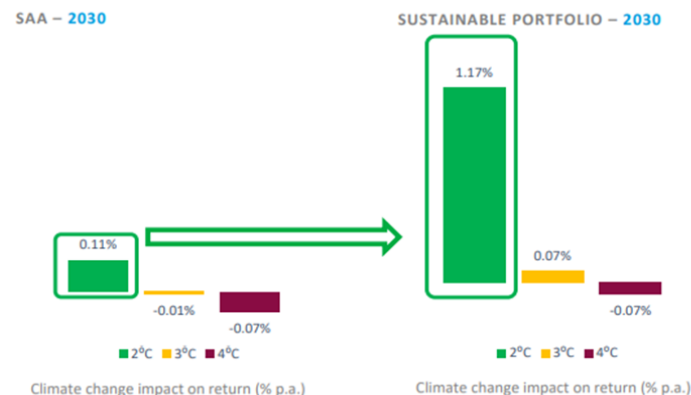
Resilience of the Fund's investment strategy

The table below shows how a 2°C scenario leads to enhanced projected returns for the Fund's investment strategy versus 3°C or 4°C scenarios, with the greatest Impact over the period to 2030.

Warming pathway scenario	Year	Climate change impact on return (% per year)
2°C	2030	0.11%
2°C	2050	-0.05%
2°C	2100	-0.07%
3°C	2030	-0.01%
3°C	2050	-0.06%
3°C	2100	-0.09%
4°C	2030	-0.07%
4°C	2050	-0.13%
4°C	2100	-0.16%

Transition opportunities emerge from a 2°C scenario

The graphic to the right illustrates the benefits of investing sustainably (i.e. in a portfolio broadly aligned with the Fund's investment strategy but where asset class exposures are mapped to sustainable equivalents).



As at 30 June 2021. Source: Mercer/Investment Managers

Under the 2°C scenario, to 2030, the Sustainable Portfolio is expected to benefit by up to +15.0% on a cumulative basis, compared with the Fund's current investment strategy.

Key findings of the analysis

Investing for a 2°C scenario is both an imperative and an opportunity the Fund should address.

- An imperative, since, for nearly all asset classes and timeframes, a 2°C scenario leads to enhanced projected returns versus 3°C or 4°C and a better investment outcome.
- An opportunity, since, although incumbents can suffer losses in a 2°C scenario, there are many notable investment opportunities enabled in a low-carbon transition, including sustainability themed investments in listed and private equities to infrastructure and fixed income.

Climate scenario analysis is an ever evolving space and, as such, the scenarios modelled and reported may be subject to review in future periods. It is important to note that the modelling may understate the true level of risk due to the uncertainty around the future economic impacts of climate change.

Investment Policy and Performance (continued)

Risk Management

This section summarises the primary climate-related risk management processes and activities carried out for the Fund. These assist with understanding the materiality of climate-related risks, both in absolute terms and relative to other risks that the Fund is exposed to.

Governance	<p>The Fund recognises the systemic risk associated with climate change and the views and aspirations of other scheme employers and scheme members.</p> <p>The Fund has acknowledged the risk to the Fund of climate change in its Risk Register: “As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund’s investments.”</p> <p>The Officers maintain a Climate Action Plan which is reviewed and updated on a regular basis. This document forms part of the ISC’s wider business plan and summarises the progress, actions and outcomes of scheduled climate-related investment projects and tasks.</p>
Strategy	<p>The Fund’s advisers will take climate-related risks and opportunities into account as part of the wider strategic investment advice provided to the Committee and ISC. This includes highlighting the expected change in climate-risk exposure through proposed asset allocation changes, both from the top-down level (via climate scenario analysis) and bottom-up (via climate-related metrics). Climate scenario analysis for the investments of the Fund will be reviewed periodically.</p>

Reporting	<p>The ISC will receive an annual climate dashboard providing an update on climate-related metrics and progress against targets in respect of the assets held in the Fund. The ISC may use the information to engage with the Fund’s investment managers.</p> <p>The ISC receives a biannual stewardship monitoring report which summarises how the investment managers choose to vote and engage on climate-related issues (among other key engagement priorities).</p>
Manager selection and retention	<p>The ISC, with advice from its advisers, will consider an investment manager’s firm-wide and strategy-specific approach to managing climate-related risks and opportunities when either appointing a new manager, in the ongoing review of a manager’s appointment, or as a factor when considering the termination of a manager’s appointment.</p>

What are the climate-related risks and opportunities?

The Fund has considered two types of climate-related risks and opportunities in its climate scenario analysis:

1. Transition risks and opportunities

This covers the potential financial and economic risks and opportunities from the transition to a low-carbon economy (i.e. one that has a low or no reliance on fossil fuels), in areas such as:

- Policy and legislation
- Market
- Technology
- Reputation

Investment Policy and Performance (continued)

Risks include the possibility of future restrictions, or increased costs, associated with high carbon activities and products.

There are also opportunities, which may come from the development of low-carbon technologies. In order to make a meaningful impact on reducing the extent of global warming, most transition activities need to take place over the next decade and certainly in the first half of this century.

2. Physical risks and opportunities

The higher the future level of global warming, the greater physical risks will be in frequency and magnitude. Physical risks cover:

- Physical damage (storms; wildfires; droughts; floods)
- Resource scarcity (water; food; materials; biodiversity loss)

Physical risks are expected to be felt more as the century progresses though the extent of the risks is highly dependent on whether global net zero greenhouse gas emissions are achieved by 2050.

There are investment opportunities, for example, in newly constructed infrastructure and real estate that are designed to be resilient to the physical impacts of climate change, as well as being constructed and operated in a way that have low or no net carbon emissions. There are also opportunities for investment in those companies or industries that focus on energy conservation and resource efficiency.

Metrics and targets

Metrics

The primary metrics that are used by the Fund to measure climate-related impact are:

- Absolute emissions. This is the total emissions of seven major GHGs associated with the investments held (carbon dioxide,

methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride).

- Carbon footprint. This is the total emissions per million pounds invested.
- Weighted average carbon intensity (WACI). This is the total emissions per million pounds of sales

Limitations of emissions data

The Fund is aware of issues around data quality, in particular carbon data for many private companies, governments and asset classes is not currently sufficiently robust to set targets against. The Fund has therefore focused on the listed equity portfolio initially, given data quality is more robust within this asset class and it comprises a majority of the Fund's strategic investment portfolio. The Fund will seek to include other asset classes in its carbon reporting as this data quality improves over time.

The Fund is also aware that Scope 3 emissions data, i.e. covering indirect emissions from the value chain such as those embedded in material inputs or freight, is an area that needs development and as such it is not included in the Fund's target-setting process. However, the Fund will continue to collect this data to inform its engagement with investment managers.

Targets

The Fund's overall climate-related objective is to align its portfolio with a 'pursue efforts towards 1.5°C' objective - i.e. net zero by 2050, with an aspiration of achieving a net zero position by 2045.

Targets were set on an absolute emissions basis in 2021, but also monitored on an intensity basis (using two intensity metrics: carbon footprint and weighted average carbon intensity (WACI)). However, the Fund has switched to a carbon footprint metric as the base line measure for a de-carbonisation pathway as it:

Investment Policy and Performance (continued)

- a) It is not impacted by changes in strategy, unlike absolute emissions. For example, the Fund’s strategic target equity allocation was reduced as part of the investment strategy review undertaken during the Fund year which, all else equal, would lead to a reduction in the level of absolute emissions.
- b) If the Fund widens the scope of its climate reporting in future to include additional asset classes, as it intends to do, this would naturally increase absolute emissions. Carbon footprint is not impacted in the same way.

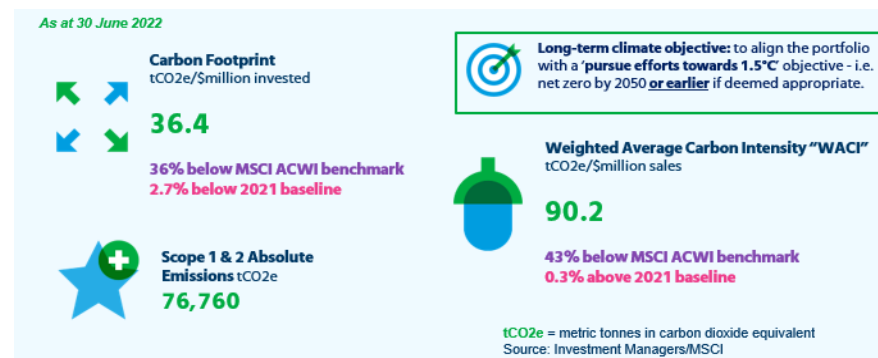
The carbon footprint metric instead normalises absolute emissions by the amount of assets invested. The Fund will continue to track both absolute emissions and WACI too as each metric provides a slightly different insight as to the nature of the companies held within portfolios.

Carbon reporting dashboard

The Fund’s metrics were initially measured as at 30 June 2021, providing a baseline for future targets, and were recalculated as at 30 June 2022 in order to monitor progress against these targets. The metrics are set out in a publicly available carbon reporting dashboard:

The 2021 and 2022 metrics are based on Scope 1 and 2 emissions data for the listed equity portfolio.

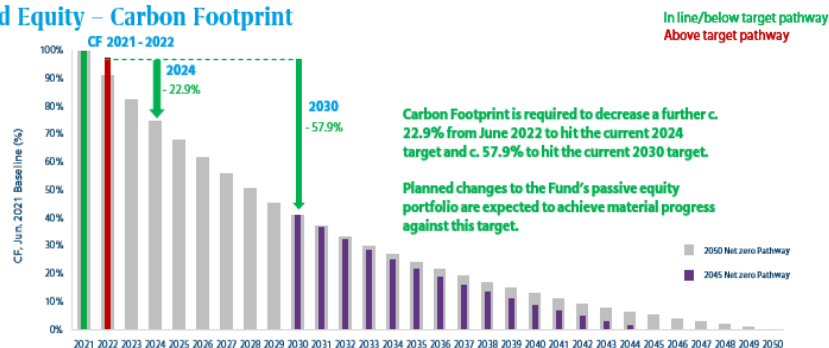
The dashboard will be updated on an annual basis.



Progress against targets

The chart below demonstrates the Fund’s progress (Green and Red bars) against the pre-defined pathway (Grey bars) required in order to achieve the Net Zero objective by 2050. The purple bars demonstrate the pathway to achieve Net Zero by 2045 for information.

Listed Equity – Carbon Footprint



While the listed equity portfolio’s Carbon Footprint in 2022 was above the pre-defined pathway, changes to the Fund’s passive equity portfolio were implemented in early 2023 with the objective of improving the portfolio’s climate characteristics. This will be captured in the Fund’s updated metrics at 30 June 2023 and will demonstrate meaningful progress against the targets set.

Investment Policy and Performance (continued)

Investment Review – Financial Year to 31st March 2023

David Crum ASIP, May 2023

Economic Background & Market Review

Region / Asset Class	Index	12 months % return GBP
UK Equities	FTSE All Share	2.9
European Equities	FTSE Europe X UK	8.7
US Equities	S&P 500	-1.7
Japanese Equities	TOPIX	2.8
Asian Equities	MSCI AC Asia ex Japan	-3.0
Emerging Markets Equities	MSCI Emerging Markets	-4.9
Global Equities	MSCI World	-1.0
UK Government Bonds	FTSE A Over 15 Year Gilts Index	-29.7
UK Index Linked Bonds	FTSE A Over 5 Year Index Linked Gilts Index	-30.4
Global Bonds	Merrill Lynch Global Broad Market Corporate Index	-0.8
UK Property	MSCI All Balanced Property Funds Index	-14.5

The financial year to 31st March 2023 was dominated by similar themes to the preceding one, with continuing ructions in geopolitics, global financial markets, and the fiscal & monetary policies of the major economies. These ongoing challenges meant that investors also had to deal with market sentiment volatility, bringing frequent changes in the outlook across the investment landscape.

Trussonomics & ‘That’ Mini-Budget

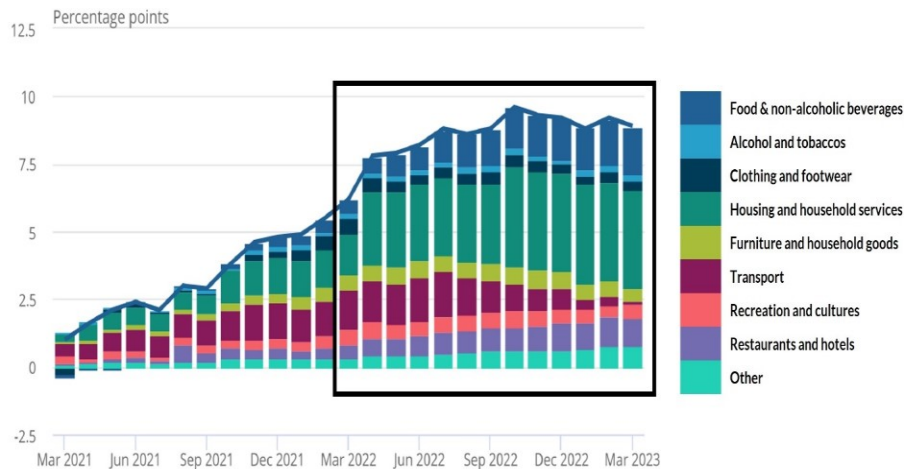
With the continuing war in Ukraine, and China sticking firmly to its ‘One China’ policy over Taiwan in word and deed, the global political arena continued to be tense with the wide-ranging implications of both actions. European resolve over sanctions held firm against Russia’s aggression, but real concerns over the duration of the conflict were never far from the surface, given the impact the war has had on energy and food prices. In the US, the Biden Administration became somewhat bogged down in delivering policy priorities, hampered by stubborn inflation and a divided nation. Closer to home – and somewhat out of the blue – the UK experienced a unique event, having 3 different Prime Ministers within a two month period.

Whilst that in itself might have spooked investors, the mini-budget ‘Growth Plan’ from Prime Minister Liz Truss and her Chancellor, Kwasi Kwarteng, resulted in a very public vote of no confidence from investors. Markets – particularly UK Government debt – reacted badly to the £45 billion package of tax cuts, which came amidst the strongest inflation seen in four decades. Given that this ‘Plan’ was unveiled without any independent analysis of how it would be funded, the market reaction seemed to come as no surprise to anyone other than the Prime Minister and the Chancellor. Following the resignation of both, the alternative contender for Prime Minister – Rishi Sunak – took over from Truss and appointed Jeremy Hunt as Chancellor. Whilst their ‘budget for growth’ Spring Budget also had tax cuts at its core, there was a balance between small cuts in areas benefitting individuals and an increase in corporation tax from 19% to 25% for larger companies which seemed to placate markets.

Investment Policy and Performance (continued)

Inflation – What Goes Up Must Come Down

Contributions to the UK annual CPIH inflation rate



Source: Consumer price inflation, UK: March 2022 (ONS)

The inflation story continued in an unwelcome vein, with the Consumer Prices Index including owner occupiers' housing costs (CPIH) standing at 8.9% for the 12 months to March 2023 (albeit down from the peak of 9.6% in October 2022). The largest upward contributions to the annual CPIH inflation rate in March 2023 came from housing and household services (principally from electricity, gas and other fuels), and food and non-alcoholic beverages. In the short term, the largest downward contributions to the monthly change in both the CPIH and CPI annual rates came from motor fuels, and housing and household services (particularly liquid fuels). So, whilst the rate of inflation dropped in March, the absolute level of inflation remains high.

Throughout the financial year to 31/03/23, many workers pressed for increases in wages to match inflation. The results were mixed, with some industries achieving increases close to inflation. However, most saw pay rises offered that did not come close to matching inflation. So, in addition to dealing with the cost of living going up, most workers have ended up getting a pay cut in real terms over the last year. This has clear implications for non-essential spending, and so businesses that rely on discretionary spending are likely to continue to have a challenging operating environment for the immediate future.

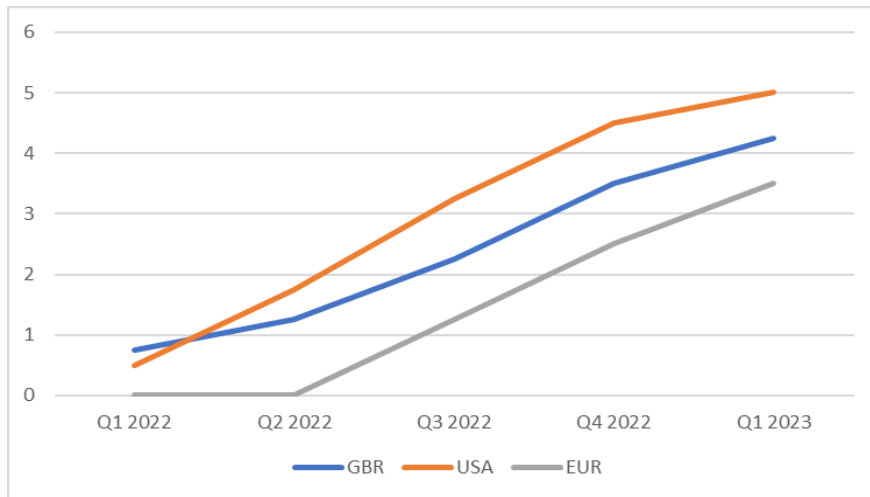
Interest Rates & the Cost of Living

In my Outlook from last year I said:

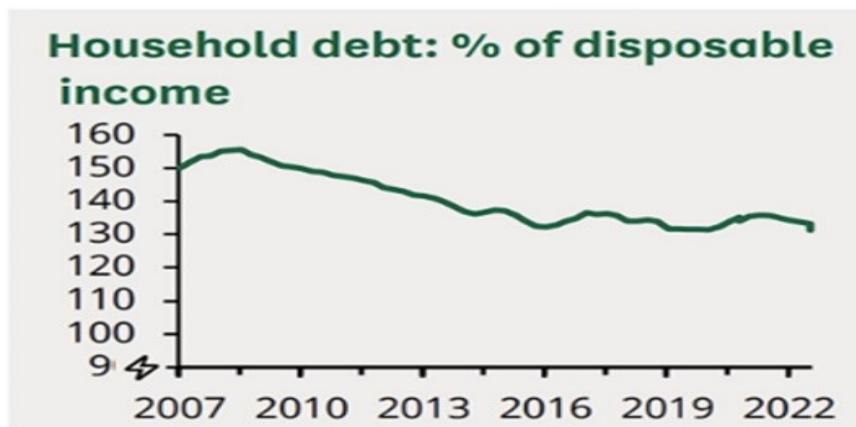
'Central banks have their work cut out in trying to manage inflationary pressures via monetary policies that have little headroom for significant interest rate rises, and the relative indebtedness of households means that consumer demand could falter as finances continue to be squeezed.'

The Bank of England, the Federal Reserve and the European Central Bank all raised rates a number of times in the last 12 months to 4.25%, 5% and 3.5% respectively at the end of March 2023, as shown in the chart on the next page. Depending on one's definition of 'significant', it seems that little upward scope or appetite remains for interest rates increases for the most part. And whilst US and EU annual inflation have fallen a reasonable distance from their peaks late last year (suggesting that rate rises have done their job, and that some rate cuts may be on the horizon), the UK's annual inflation has not. At the time of writing this report, the Bank of England had just raised UK interest rates again, up to 4.5%. Rate cuts here seem further down the road.

Investment Policy and Performance (continued)



From a UK household's perspective, the level of debt as a percentage of disposable income has remained relatively stable for the last few years, as shown in this chart.



Source: House of Commons Library

In the last year the UK Government introduced an Energy Bills Discount Scheme to help households offset some of the pain of the increased energy costs. However, the increase in mortgage payments felt by many following the rapid interest rate hikes may yet prove to be more problematic for households. The decrease in availability of rental stock in the UK has also seen average rents increase in the last year. The situation relating to household finances remains incredibly challenging, and so a careful eye will need to be cast on the latest debt figures as they are published.

SVB - Back to the Future

One thing associated with the rising interest rate environment that caught some off guard was the return of choice for cash depositors. In the 'low for long' interest rate environment we have had for more than a decade, there has been little incentive attached to changing banking provider. In the relatively rapidly increasing interest rate environment of the last year, deposit options and differences increased as many banks struggled to keep pace with rising rates.

Nowhere was this clearer than in the US, where a large number of banks of all sizes operate. March 2023 saw the collapse of America's 16th largest commercial bank - Silicon Valley Bank, or SVB, used by many technology and startup companies in the US and around the globe. Having invested billions of dollars in US Government bonds in the low rate environment of the past, SVB saw the value of those investments plummet as interest rates rose. At the same time, borrowing costs rose higher with the interest rate increases, meaning tech startups had to channel more cash towards repaying debt.

What started as a mismatch in investment returns became a classic bank run when SVB announced that it had sold some investments at a loss and would need to sell \$2.25 billion in new shares to plug the hole in its finances.

Investment Policy and Performance (continued)

That set off panic among customers, who withdrew their money in large numbers. The bank's stock subsequently plummeted and dragged other bank shares down with it. Trading in SVB shares was soon halted, with the bank abandoning efforts to raise capital or find a buyer. California regulators then intervened, shutting the bank down.

Problems continued in the US banking sector with the collapse of Signature Bank (also in March) and First Republic Bank (in May, at the time of preparing this commentary). For investors of a certain age, problems in the banking sector bring back painful memories of how the Great Financial Crisis of 2007 – 2008 began. It remains to be seen whether the issues in the US banking sector have been – or indeed can be - contained, and if not, how much appetite and firepower policy makers have to deal with them.

ESG – Now and Always?

Conversations, approaches and regulations around the incorporation of Environmental, Social and Governance (ESG) factors into asset valuations and stewardship approaches continued, but not always in a positive vein. In particular, the US saw an 'anti-ESG' backlash, with Republican States legislating in an attempt to remove ESG considerations from the investment appraisal and monitoring process of public pension funds. It remains to be seen whether this pushback against responsible investment will be successful – the chances are that it will become bogged down in litigation, since there are likely to be as many pension fund members who support the consideration of ESG issues as those that oppose them.

Closer to home, things were more positive on the 'sustainable stewardship' front. The ACCESS Pool, of which the Northamptonshire Pension Fund is a member, published its Responsible Investment Guidelines. I can also confirm that questions associated with ESG issues – including climate change – continued to be asked of the Fund's investment managers during the last year. Work also continued on understanding the extent to which the companies we invest in are reporting their Scope 1, 2 and 3 Green House Gas (GHG) emissions.

Some companies have made big strides in both quantifying their GHG emissions and also coming up with some kind of plan to deal with them. However, many have not, and so we continue to work with the Fund's investment managers and investment consultant to identify ESG issues and laggards. This is a multi-year project, and scheme members can expect to see more reporting on this in future.

Fund Investment Performance

	1 Year Performance	3 Year Performance (p.a.)	5 Year Performance (p.a.)
Northamptonshire Pension Fund	-4.8%	9.7%	6.2%
Fund Benchmark	-3.8%	9.4%	6.2%

The Fund returned -4.8% for the year to 31st March 2023, slightly underperforming the benchmark return of -3.8%. All asset classes delivered a negative return in the last year, and this relative underperformance was a combination of a modest underperformance in equities (-0.8% versus the benchmark of -0.7%) and fixed interest (-16.5% versus -16.8%), with a more marked underperformance in alternatives (-4.1% vs -0.4%).

In terms of specific manager performance, Baillie Gifford, who had had such a stellar year in 2020/21, again had a challenging period, delivering a return of -12.4% against a benchmark return of -1.4% for their Global Equities mandate. Indeed, they were the only equity manager that did not beat their benchmark for the period.

The Fund's fixed interest investments were primarily responsible for the overall negative return. The rising interest rate environment in the UK hit returns for the Fund's UK Gilt investments, which fell -30.6% versus the benchmark return of -30.4%. The Fund's Multi-Asset Credit managers, BlueBay and M&G, had a mixed year, with the former underperforming their benchmark (-5.9% vs -1.7%) and the latter outperforming (1.9% vs -1.7%).

Investment Policy and Performance (continued)

The Fund's Alternatives exposure also had a challenging year, returning -4.1% against a benchmark return of -0.4%. The headline return belies a mixed performance picture in the alternative assets, with Commercial Property having a tough year (-12.8% vs -14.5%), and Infrastructure and Private Equity investments having a collective positive return. The Fund's investment in the Baillie Gifford Diversified Growth Fund had a very challenging year, returning -8.5% for the financial year and underperforming the benchmark return of 5.8%.

In conclusion, whilst the Fund's investment performance did not beat the benchmark for the most recent 1-year period, the Fund remains ahead of its benchmark over the 3-year period (9.7% p.a. vs 9.4% p.a.) and in line with the benchmark for the 5-year period (6.2% p.a. vs 6.2%). It is worthwhile remembering that we judge success over the longer term and expect there to be fluctuations in investment returns over shorter time periods.

Outlook

The first two sentences from the 'Outlook' section in last year's report remain accurate, and remain significant concerns when looking ahead:

'The war in Ukraine remains a worrying factor, and there is a not insignificant risk that an increasingly cornered Russia may lash out, widening the conflict in Europe. And whilst the war may have shown China how not to go about the 'reunification' of Taiwan, it could perversely be seen as a green light to attempt to do so by Beijing.'

Recent additional promises of support for Ukraine, particularly in terms of them being provided more advanced defensive weapons that can hit targets well beyond the front line, run the risk of escalation from the Russians. President Putin remains relatively isolated and cornered, with Russia showing no signs of being able to win this conflict through conventional means. Should non-conventional means be used, this would likely be calamitous for both Ukraine and the wider world.

The handling of China also remains a delicate balancing act. At the time of writing this report, the news coming out of the latest G7 meeting, being held in Hiroshima, neatly underlines the China 'problem' – which is whilst they remain a key trading part for all of the G7 economies (and indeed have helped keep inflation low for many years due to the cost of goods produced there), they are increasingly seen as a threat to global stability with their ongoing sabre-rattling over Taiwan, and the threat from their alleged theft of trade and national secrets.

The biggest challenges investors face over the coming year that are not of a geo-political nature are likely to continue to be linked to inflation, interest rates and the consequences of inflation. Whilst annual inflation is falling in the UK, the US and EU, it remains historically high - which will weigh on the minds of central bankers. As a result, meaningful interest rate reductions are unlikely to come through this year, with many commentators predicting another year of higher interest rates.

Concerns also exist over the possibility of a global recession, not helped by the lack of progress in the US to agree a deal on US Government debt. Should no agreement be reached between Republicans and Democrats to raise the 'debt ceiling' by June 1, the US would default on its \$31.4 trillion Government debt. One can only speculate how bad that would be for global financial markets, with one commentator saying that it would bring about a global recession that would make the 2008 financial crash 'look like a tea party'. It is perhaps more plausible that a deal will be reached between Democrats and Republicans to raise the debt ceiling than such a calamitous outcome, but it cannot be entirely discounted.

Whatever the political, financial and economic environments may throw our way, the Fund's investment strategy remains diversified across markets, regions and asset classes, and we remain focussed on targeting long term investment returns that meet the cost of the long term pension liabilities.

Actuarial Information

Northamptonshire Pension Fund (“the Fund”) Actuarial Statement for 2022-23

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority’s Funding Strategy Statement (FSS), dated March 2023. In summary, the key funding principles are as follows:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term)
- where appropriate, ensure stable employer contribution rates
- reflect different employers’ characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations
- manage the fund in line with the stated ESG policies.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 70% likelihood that the Fund will achieve the funding target over 20 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund’s assets, which at 31 March 2022 were valued at £3,364 million, were sufficient to meet 113% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £380 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers’ contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund’s funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Actuarial Information (continued)

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

Financial Assumptions	31 March 2022
Discount Rate	4.4%
Salary increase assumption	3.2%
Benefit increase assumption(CPI)	2.7%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.6 years	24.3 years
Future Pensioners*	22.5 years	25.8 years

*Aged 45 at the 2022 Valuation.

Copies of the 2022 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund to the Fund and on the Fund's website.

Experience over the period since 31 March 2022

Markets continued to be disrupted by the ongoing war in Ukraine and inflationary pressures, impacting on investment returns achieved by the Fund's assets. High levels of inflation in the UK (compared to recent experience), have resulted in a higher than expected LGPS benefit increase of 10.1% in April 2023. Despite this, the funding level of the Fund is likely to be higher than reported at the 31 March 2022 funding valuation due to the significant rise in interest rates which reduces the value placed on the Fund's liabilities.

The next actuarial valuation will be carried out as at 31 March 2025. The Funding Strategy Statement will also be reviewed at that time.

Steven Scott FFA

6 June 2023

For and on behalf of Hymans Robertson LLP

Actuarial Information (continued)

Extract from the Actuarial Valuation Report

Executive Summary

We have carried out an actuarial valuation of the Northamptonshire Pension Fund (“the Fund”) as at 31 March 2022. The results are presented in this report and are briefly summarized below.

Funding Position

The table below summarizes the financial position of the Fund at 31 March 2022 in respect of benefits earned by members up to this date (along with a comparison at the last formal valuation at 31 March 2019).

Valuation date	31 March 2019 (£m)	31 March 2022 (£m)
Past Service liabilities	2,679	2,984
Market Value of Assets	2,502	3,364
Surplus/(Deficit)	-176	380
Funding Level	93%	113%

The most significant external event to occur since the last valuation has been the Covid-19 pandemic. The impact on the funding position has been small, likely due to the age profile of the excess deaths and the level of pension.

Other significant factors occurring which affect the funding strategy of the Fund have been the better than expected investment returns. This has had a material positive impact on the funding position and employers’ secondary contribution rates.

Contribution Rates

The table below summarizes the whole fund Primary and Secondary Contribution rates at this triennial valuation. The Primary rate is the payroll weighted average of the underlying individual employer primary rates and the Secondary rate is the total of the underlying individual employer secondary rates (before any pre-payment or capitalization of future contributions), calculated in accordance with the Regulations and CIPFA guidance.

Primary Rate (% of pay)	Secondary Rate (£)		
1 April 23 – 31 March 26	2023-24	2024-25	2025-26
20.5%	£8,586,000	£8,155,000	£7,660,000

The Primary rate also includes an allowance of 0.8% of pensionable pay for the Fund’s expenses. The average employee contribution rate is 6.3% of pensionable pay.

The minimum contributions to be paid by each employer from 1 April 2023 to 31 March 2026 are shown in the Rates and Adjustment Certificate.

Douglas Green FFA

Robert McInroy FFA

31 March 2023

For and on behalf of Hymans Robertson LLP

Audit Opinion

Estimated 2024

Audit Opinion

Estimated 2024

Fund Account

31-Mar-22			31-Mar-23
£000		Notes	£000
Dealings with members, employers and others directly involved in the fund:			
-122,777	Contributions	Note 7	-130,100
-12,203	Transfers in from other pension funds	Note 8	-16,937
-134,980			-147,037
103,413	Benefits	Note 9	105,500
9,696	Payments to and on account of leavers	Note 10	10,648
113,109			116,148
-21,871	Net (additions)/withdrawals from dealing with members		-30,889
15,964	Management expenses	Note 11	16,615
-5,907	Net (additions)/withdrawals including fund management expenses		-14,274
Returns on investments:			
-28,920	Investment income	Note 13	-34,027
0	Taxes on income		0
-229,429	(Profit) and losses on disposal of investments and changes in the value of investments	Notes 14a and 17b	173,661
-258,349	Net return on investments		139,634
-264,256	Net (increase)/decrease in the net assets available for benefits during the year		125,360
-3,103,490	Opening net assets of the scheme		-3,367,746
-3,367,746	Closing net assets of the scheme		-3,242,386

Notes on pages 51 to 82 form part of the financial statements.

Net Asset Statement

31-Mar-22			31-Mar-23
£000		Notes	£000
3,357,279	Investment assets		3,226,547
-2,521	Investment liabilities		0
3,354,758	Total net investments	Note 14	3,226,547
18,564	Current assets	Note 21	21,634
-5,576	Current liabilities	Note 22	-5,795
12,988	Net current assets		15,839
3,367,746	Closing net assets of the scheme	Note 17a	3,242,386

Notes on pages 51 to 82 form part of the financial statements.

Note: The Fund's financial statements do not take account of the liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 20.

Notes to the Pension Fund Accounts

1. DESCRIPTION OF THE FUND

The Northamptonshire Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by West Northamptonshire Council. The Council is the reporting entity for this Pension Fund. The following description of the Fund is a summary only. For more detail, reference should be made to the Annual Report 2022-23 and the underlying statutory powers underpinning the scheme.

General

The Fund is governed by the Public Services Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- the LGPS Regulations 2013 (as amended);
- the LGPS (Transitional Provisions, Savings and Amendments) Regulations 2014 (as amended);
- the LGPS (Management and Investment of Funds) Regulations 2016;
- The Local Government Pension Scheme (Amendment) Regulations 2018.

The Fund is a contributory defined benefit pension scheme administered by West Northamptonshire Council to provide pensions and other benefits for pensionable employees of West Northamptonshire Council and a range of other Scheduled and Admitted Bodies within the county area. Teachers, Police Officers and Firefighters are not included as they come within other national pension schemes. The Fund is overseen by the Northamptonshire Pension Committee, which is a committee of West Northamptonshire Council.

Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme. Organisations participating in the Northamptonshire Pension Fund include:

- Scheduled bodies - local authorities and similar bodies whose staff are automatically entitled to be members of the Fund;

- Admitted bodies - other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.
- Resolution/Designated bodies – These are organisations that can admit their employees to the LGPS by passing their resolution (nominate employees for access to the LGPS) Parish/Town Council are under this category.

As at 31 March 2023 there are 326 (2022: 318) active employers within the Northamptonshire Pension Fund, including the Council itself.

	31-Mar-22	31-Mar-23
Number of employers with active members	318	326

The Fund has over 80,000 individual members, as detailed below:

Number of employees in scheme:	31-Mar-22	31-Mar-23
Administering Authority	5,010	5,309
Other employers	19,045	18,640
Total	24,055	23,949
Number of pensioners:		
Administering Authority	9,002	7,775
Other employers	8,703	10,639
Total	17,705	18,414
Deferred pensioners:		
Administering Authority	13,688	10,112
Other employers	10,938	17,740
Total	24,626	27,852
Undecided leavers:		
Administering Authority	3,986	2,695
Other employers	6,147	7,814
Total	10,133	10,509
Total members	76,519	80,724

Notes to the Pension Fund Accounts (continued)

Funding

Benefits are funded by contributions and investment earnings. Currently the level of contribution income is sufficient to fund regular benefit payments. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2023.

Employers' contributions are set as part of the triennial actuarial funding valuation. The last such valuation was at 31 March 2022. Employers' contributions comprise a percentage rate on active payroll between 1.2% and 35.2% and deficit payments of fixed cash amounts set for each employer as part of the triennial funding valuation.

Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised below:

	Service pre 1 April 2008	Service 1 April 2008 to 31 March 2014
Pension	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
Lump Sum	Automatic lump sum of 3 x pension. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

Career Average Revalued Earnings (CARE)

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based upon their pensionable pay in that year at an accrual rate of 1/49th or 1/98th for those members who have taken up the 50/50 option and pay proportionately lower contributions. Accrued pension is updated annually in line with the Consumer Price Index.

There are a range of other benefits provided under the scheme including early retirement, ill health pensions and death benefits. For more details, please refer to the Full Guide which can be found in the member section on the Pension's Fund website. [Member - Pension Details](#)

2. BASIS OF PREPARATION

The statement of accounts summarises the fund's transactions for the 2022-23 financial year and its financial position at 31 March 2023. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2022-23* (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 20.

Notes to the Pension Fund Accounts (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account – Revenue Recognition

Contribution Income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the actuary in the payroll period to which they relate. Employer deficit funding contributions are accounted for on the due date on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date. Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in the year but unpaid will be classed as a current financial asset.

Transfers to and from Other Schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations (see Notes 8 and 10).

Individual transfers in/out are accounted for on a cash basis.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see page 79) to purchase scheme benefits are accounted for on an accruals basis and are included in Transfers In (see Note 8). Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement. There have been no group transfers in during 2021-22 and 2022-23.

Investment Income

i) Interest income

Interest income is recognised in the Fund Account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Asset Statement as a current financial asset.

iii) Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Asset Statement as a current financial asset.

iv) Movement in the net market value of investments

Changes in the net market value of investments are recognised as income or expense and comprise all realised and unrealised profits/losses during the year.

Fund Account – Expense Items

Benefits Payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Asset Statement as current liabilities and paid in the following month.

Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

Notes to the Pension Fund Accounts (continued)

Management Expenses

The Code does not require any breakdown of pension fund administrative expenses. However, in the interests of greater transparency, the Fund discloses its pension fund management expenses in accordance with CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016).

Administrative Expenses

All administrative expenses are accounted for on an accruals basis. All staff costs of the pension's team are charged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund in accordance with Council policy.

Oversight and Governance Costs

All oversight and governance expenses are accounted for on an accruals basis. The costs of obtaining legal and consultancy advice are charged direct to the Fund. The cost of the Pool are charged direct to the Fund.

Investment Management Expenses

Investment Management expenses are accounted for on an accruals basis.

Fees of external Investment Managers and the Custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

Where an Investment Manager's fee note has not been received by the year end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund Account. In 2022-23, £107K of fees are based upon such estimates (2021-22: £ 0.1m). In addition, manager fees deducted from pooled funds of £12.9m (2021-22: £12.5m) are based upon information received from fund managers.

Net Asset Statement

Financial Assets

Financial assets are included in the Net Asset Statement on a fair value basis, except for assets held at amortised cost.

Assets held at amortised cost includes contributions owing from employers and cash deposits. These are initially recognised at fair value and subsequently measured at amortised cost. A financial asset is recognised in the Net Asset Statement on the date the Fund becomes party to the contractual acquisition of the asset.

Investment assets, other than cash held by Investment Managers on the Fund's behalf, are initially recognised at fair value and are subsequently measured at fair value with gains and losses recognised in the Fund Account. The values of investments as shown in the Net Asset Statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 16). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Foreign Currency Transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

Notes to the Pension Fund Accounts (continued)

Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes (see Note 15). Purchases and sales of derivatives are recognised as follows:

Forward currency contracts settlements are reported as gross receipts and payments.

Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits held by the Fund and the Fund's external managers.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Financial Liabilities

The Fund initially recognises financial liabilities at fair value and subsequently measures them at amortised cost. A financial liability is recognised in the Net Asset Statement on the date the Fund becomes party to the liability.

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on an annual basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Asset Statement (see Note 20).

Additional Voluntary Contributions

The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. The Fund's AVC providers are Prudential and Standard Life. AVCs are deducted from the individual member's pay and paid to the AVC

provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts, in accordance with section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, but are disclosed as a note only (see Note 23).

Contingent Assets and Liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the Net Asset Statement but are disclosed by way of a narrative in the notes.

Notes to the Pension Fund Accounts (continued)

4. CRITICAL JUDGEMENT IN APPLYING ACCOUNTING POLICIES

It has not been necessary to make any material critical judgements in applying the accounting policies in 2022-23.

5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the Balance Sheet date and the amounts reported for the revenues and expenses during the year.

Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the Financial Statements as 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pension Fund Liability

The net Pension Fund liability is recalculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

The estimated liability is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 19 (disclosure only).

Actuarial revaluations are used to set future contribution rates and underpin the Fund's most significant Investment Management policies, for example in terms of the balance struck between longer term investment growth and short-term investment yield/return.

Actuarial Present Value of Promised Retirement Benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year.

- **Uncertainties:** Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rates at which salaries and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. An independent firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied. The actuary has included the McCloud judgement within their calculation shown in Note 20 (disclosure only).
- **Effect if Actual Results Differ from Assumptions:** The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £57m. A 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £4m, and a 1 year increase in assumed life expectancy would increase the liabilities by approximately £125m.

Notes to the Pension Fund Accounts (continued)

Private Equity

- **Uncertainties:** All private equity investments are valued at fair value. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. See Note 16a.
- **Effect if Actual Results Differ from Assumptions:** Total private equity investments at fair value in the financial statements are £236.2m. There is a risk that this investment may be under or overstated in the accounts. Note 18 gives a price sensitivity of Private Equity of 31.2%, which indicates that private equity values may range from £162.4m to £309.9m.

Infrastructure

- **Uncertainties:** All infrastructure investments are valued at fair value. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. See Note 16a.
- **Effect if Actual Results Differ from Assumptions:** Total infrastructure investments at fair value in the financial statements are £220.4m. There is a risk that this investment may be under or overstated in the accounts. Note 18 gives a price sensitivity infrastructure investments of 14.7%, which indicates that infrastructure values may range from £188.0m to £252.8m.

Property

- **Uncertainties:** Valuation techniques are used to determine the carrying amount of pooled property funds. Where possible management uses the best available data. Uncertainties including changes in rental growth, covenant strength for existing tenancies, discount rate could affect the fair value of the property investments.
- **Effect if Actual Results Differ from Assumptions:** Total property investments in the financial statements are £202.0m. There is a risk that this investment may be under or overstated in the accounts. Note

18 gives a price sensitivity pooled property investments of 15.5%, which indicates that infrastructure values may range from £170.8m to £233.4m

6. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events since 31 March 2023, and up to the date when these accounts were authorised that require any adjustments to these accounts.

7. CONTRIBUTIONS RECEIVABLE

By category:

31-Mar-22		31-Mar-23
£000		£000
24,668	Employees' contributions	26,864
	Employers' contributions:	
77,111	Normal contributions	81,859
20,998	Deficit recovery contributions	21,377
98,109	Total employers' contributions	103,236
122,777		130,100

By authority:

31-Mar-22		31-Mar-23
£000		£000
28,695	Administering authority	27,856
90,886	Scheduled bodies	99,313
3,196	Admitted bodies	2,931
122,777		130,100

8. TRANSFERS IN FROM OTHER PENSION FUNDS

31-Mar-22		31-Mar-23
£000		£000
12,203	Individual transfers	16,937
12,203		16,937

Notes to the Pension Fund Accounts (continued)

9. BENEFITS PAYABLE

By category:

31-Mar-22		31-Mar-23
£000		£000
83,863	Pensions	88,236
16,665	Commutation and lump sum retirement benefits	14,282
2,885	Lump sum death benefits	2,982
103,413		105,500

By authority:

31-Mar-22		31-Mar-23
£000		£000
24,072	Administering authority	24,355
72,151	Scheduled bodies	73,630
7,190	Admitted bodies	7,515
103,413		105,500

10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

31-Mar-22		31-Mar-23
£000		£000
676	Refunds to members leaving service	546
9,020	Individual transfers	10,102
9,696		10,648

11. MANAGEMENT EXPENSES

31-Mar-22		31-Mar-23
£000		£000
2,268	Administrative costs	2,483
12,884	Investment management expenses	13,221
812	Oversight and governance costs	911
15,964		16,615

Notes to the Pension Fund Accounts (continued)

12. INVESTMENT MANAGEMENT EXPENSES

2022/23	Management Fees	Performance Related Fees	Transaction Costs	Other Costs	Total
	£000	£000	£000	£000	£000
Pooled investments	6,403	0	8	410	6,821
Pooled property investments	442	0	451	153	1,046
Private equity/infrastructure	2,947	1,778	0	603	5,328
Custody	0	0	0	26	26
Total	9,792	1,778	459	1,192	13,221

2021/22	Management Fees	Performance Related Fees	Transaction Costs	Other Costs	Total
	£000	£000	£000	£000	£000
Pooled investments	6,546	0	0	398	6,944
Pooled property investments	392	0	398	473	1,263
Private equity/infrastructure	2,288	2,015	0	362	4,665
Custody	0	0	0	12	12
Total	9,226	2,015	398	1,245	12,884

13. INVESTMENT INCOME

31-Mar-22	31-Mar-23
£000	£000
19 Income from equities	29
14,261 Pooled investments – unit trusts and other managed funds	20,542
7,927 Pooled property investments	8,553
6,694 Private equity/infrastructure income	3,956
19 Interest on cash deposits	947
28,920	34,027

Notes to the Pension Fund Accounts (continued)

14. INVESTMENTS

31-Mar-22		31-Mar-23
£000		£000
	Investment assets	
	Pooled investments	
321,249	• UK Equity Funds	329,402
1,499,989	• Global Equity Funds	1,420,172
327,080	• Index Linked Bonds	268,056
311,757	• Multi Asset Credit Funds	311,629
221,650	• Diversified Growth Funds	202,763
217	• Cash Funds	2,210
249,167	Pooled property investments	202,074
187,426	Private equity	236,185
201,861	Infrastructure	220,402
36,374	Cash deposits	33,339
509	Investment income due	315
3,357,279	Total investment assets	3,226,547
	Investment liabilities	
-2,521	Amounts payable for purchases	0
-2,521	Total investment liabilities	0
3,354,758	Net investment assets	3,226,547

Notes to the Pension Fund Accounts (continued)

14(a). RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

	Market value 01-Apr-22	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market value during the year	Market value 31-Mar-23
	£000	£000	£000	£000	£000
Pooled investments	2,681,942	69,931	-65,033	-152,608	2,534,232
Pooled property investments	249,167	643	-4,806	-42,930	202,074
Private equity	187,426	56,159	-17,506	10,106	236,185
Infrastructure	201,861	13,447	-7,504	12,598	220,402
	3,320,396	140,180	-94,849	-172,834	3,192,893
Derivative contracts:					
• Forward currency contracts	0	4	-2	-2	0
	3,320,396	140,184	-94,851	-172,836	3,192,893
Other investment balances:					
• Cash deposits	36,374				33,339
• Amount receivable for sales	0				0
• Investment income due	509				315
• Spot FX contracts	0				0
• Amounts payable for purchases of investments	-2,521				0
Net investment assets	3,354,758				3,226,547

Notes to the Pension Fund Accounts (continued)

14(a). RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES (CONTINUED)

	Market value 01-Apr-21 £000	Purchases during the year and derivative payments £000	Sales during the year and derivative receipts £000	Change in market value during the year £000	Market value 31-Mar-22 £000
Equities	17	0	-3	-14	0
Pooled investments	2,544,031	42,856	-31,750	126,805	2,681,942
Pooled property investments	185,516	36,836	-10,947	37,762	249,167
Private equity	113,353	44,527	-22,635	52,181	187,426
Infrastructure	196,471	2,402	-9,655	12,643	201,861
	3,039,388	126,621	-74,990	229,377	3,320,396
Derivative contracts:					
• Forward currency contracts	0	1	-2	1	0
	3,039,388	126,622	-74,992	229,378	3,320,396
Other investment balances:*					
• Cash deposits	51,483				36,374
• Amount receivable for sales	530				0
• Investment income due	484				509
• Spot FX contracts	0				0
• Amounts payable for purchases of investments	-390				-2,521
Net investment assets*	3,091,495				3,354,758

Notes to the Pension Fund Accounts (continued)

14(b). INVESTMENTS ANALYSED BY FUND MANAGER

Market value 31-Mar-22		Market value 31-Mar-23	
£000	% of net investment assets	£000	% of net investment assets
Investments managed under Pooled Governance:			
1,493,631	44	1,480,060	46
1,030,982	31	904,078	28
2,524,613	75	2,384,138	74
Investments managed outside Pooled Governance:			
82,254	2	105,919	3
17,134	1	11,927	0
34,709	1	35,040	1
157,117	5	147,905	5
540	0	585	0
248,485	7	213,119	7
104,633	3	129,681	4
58,329	2	67,556	2
44,683	1	58,579	2
60,810	2	61,722	2
21,451	1	10,376	0
830,145	25	842,409	26
3,354,758	100	3,226,547	100

- All the above companies are registered in the United Kingdom.

Notes to the Pension Fund Accounts (continued)

The following investments represent more than 5% of the Net Asset Statement of the scheme as at 31st March 2023.

Security	31-Mar-22	% of total fund	31-Mar-23	% of total fund
	£000	%	£000	%
LF ACCESS UK Equity - Liontrust	293,857	9	301,193	9
LF ACCESS Baillie Gifford Diversified Growth Fund	221,650	7	195,631	6
UBS Asset Management Life Over 5 Year Index Linked Gilts	327,080	10	268,056	8
LF ACCESS M&G Alpha Opportunities Fund	n/a	n/a	163,724	5
LF ACCESS Global Equity - Newton Investment Management	313,721	9	313,842	10
LF ACCESS Baillie Gifford Long Term Global Growth Fund	223,255	7	202,763	6
LF ACCESS Longview Global Equity	286,508	9	302,907	9
	1,666,071		1,748,116	

Notes to the Pension Fund Accounts (continued)

15. ANALYSIS OF DERIVATIVES

Objectives and Policies for Holding Derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the Fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the Investment Management agreement agreed between the Fund and the various Investment Managers.

• Futures

There were no outstanding exchange traded future contracts at 31 March 2023 or 31 March 2022.

• Options

There were no outstanding option contracts at 31 March 2023 or 31 March 2022.

• Forward foreign currency

To maintain appropriate diversification and to take advantage of overseas investment returns, a significant proportion of the Fund's quoted equity portfolio is in overseas stock markets. To reduce the volatility associated with fluctuating currency rates, the Fund has a passive currency programme in place managed by the Fund managers.

There is no specified requirement to use currency hedging within the Fund's Investment Management Agreements. Instead, the Fund managers use their discretion as to whether any currency hedging should be used to mitigate any potential risk.

Settlement	Currency bought	Local Value	Currency sold	Local Value	Asset Value	Liability Value
		Currency		Currency		
One to six months	GBP	43,695	EUR	-49,675	0	0
Total					0	0
Net forward currency contracts at 31 March 2023						0
Prior year comparative						
Open forward currency contracts at 31 March 2022						0
Net forward currency contracts at 31 March 2022						0

Notes to the Pension Fund Accounts (continued)

16. FAIR VALUE

Valuation of Financial Instruments Carried at Fair Value

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur. The Fund has adopted the classification guidelines recommended in the Practical Guidelines on Investment Disclosures (PRAG/Investment Association, 2016).

Level 1 Assets and liabilities at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index-linked securities and unit trusts.

Level 2 Assets and liabilities at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value. The price used is based upon inputs from observable market data.

Level 3 Assets and liabilities at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which the Northamptonshire Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines 2022, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

16(a). FAIR VALUE HIERARCHY

The following tables provides an analysis of the financial assets at fair value through profit and loss of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable:

Values at March 2023	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	£000	£000	£000	£000
Pooled investments	2,210	2,532,022	0	2,534,232
Pooled property investments	0	0	202,074	202,074
Private equity	0	0	236,185	236,185
Infrastructure	0	0	220,402	220,402
Cash and Cash Equivalents	33,339	0	0	33,339
Net investment assets	35,549	2,532,022	658,661	3,226,232

Values at March 2022	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	£000	£000	£000	£000
Pooled investments	217	2,681,725	0	2,681,942
Pooled property investments	0	0	249,167	249,167
Private equity	0	0	187,426	187,426
Infrastructure	0	0	201,861	201,861
Cash and Cash Equivalents	36,327	0	0	36,327
Net investment assets	36,544	2,681,725	638,454	3,356,723

Notes to the Pension Fund Accounts (continued)

All assets have been valued using fair value techniques which represent the highest and best price at the reporting date. The fair valuation of each class of investment asset is set out below.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Cash and cash equivalents	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Pooled Investments	Level 2	Net Asset Value / Bid Market Price.	Evaluated price feeds	Not required
Pooled Investments	Level 2	Average of broker prices.	Evaluated price feeds	Not required
Forward Foreign exchange derivatives	Level 2	Market forward exchange rates at theyear-end	Exchange rate risk	Not required
Property	Level 3	Valued by investment managers on a fair value basis each year using PRAG guidance	NAV-based pricing set on a forward pricing basis	
Private Equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board's Special Valuation Guidance (March 2020)	Price Earnings or EBITDA multiple	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Infrastructure	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2022 and the IPEV Board's Special Valuation Guidance (March 2020)	Price Earnings or EBITDA multiple	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts

Notes to the Pension Fund Accounts (continued)

Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with Independent Investment Advisors, the Fund has determined that the valuation methods described above are likely to be accurate within the following ranges and has set out below the consequent potential impact on the closing value of investments held at 31 March 2023.

Asset Type	Market Value as at 31-Mar-23	Assessed valuation range % (+/-)	Value on Increase	Value on Decrease
	£000		£000	£000
Private equity	236,185	31.2	309,875	162,495
Infrastructure	220,402	14.7	252,801	188,003
Property funds	202,074	15.5	233,395	170,753
Total Assets	658,661		796,071	521,251

16(b). RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

Period 2022-23	Market value 01- Apr-22	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Unrealised gains/(losses)	Realised gains/(losses)	Market value 31-Mar-23
	£000	£000	£000	£000	£000	£000
Private Equity	187,426	56,159	-17,506	4,189	5,917	236,185
Infrastructure	201,861	13,447	-7,504	12,618	-20	220,402
Property funds	249,167	643	-4,806	-42,512	-418	202,074
Total	638,454	70,249	-29,816	-25,705	5,479	658,661

All transfers between levels are recognised in the month in which they occur.

Notes to the Pension Fund Accounts (continued)

17. FINANCIAL INSTRUMENTS

17(a). CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table analyses the carrying amounts of financial assets and liabilities by category and Net Asset Statement heading. No financial assets were reclassified during the year.

31-Mar-22			31-Mar-23		
Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
£000	£000	£000	£000	£000	£000
Financial assets					
2,681,942	0	0	2,534,232	0	0
249,167	0	0	202,074	0	0
187,426	0	0	236,185	0	0
201,861			220,402		
0	0	0	0	0	0
36,327	8,706	0	33,339	14,109	0
0	509	0	0	315	0
0	9,905	0	0	7,525	0
3,356,723	19,120	0	3,226,232	21,949	0
Financial liabilities					
0	0	0	0	0	0
0	0	-2,521	0	0	0
0	0	-5,576	0	0	-5,795
0	0	-8,097	0	0	-5,795
3,356,723	19,120	-8,097	3,226,232	21,949	-5,795
3,367,746			Total		
			3,242,386		

Notes to the Pension Fund Accounts (continued)

17(b). NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

31-Mar-22		31-Mar-23
£000		£000
Financial assets:		
229,377	Fair value through profit and loss	-172,834
99	Loans and receivables	-747
Financial liabilities:		
1	Fair Value through profit and loss	-2
-48	Loans and receivables	-78
229,429	Total gains/(losses)	-173,661

18. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risk and Risk Management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall Pension Fund Risk Management Programme.

[Risk Strategy Statement](#)

Responsibility for the Fund's Risk Management Strategy rests with the Pensions Committee. Risk management policies are established to identify and analyse the risks faced by the Council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

a) Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's Risk Management Strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment Advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in two ways:

- the exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
- specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Notes to the Pension Fund Accounts (continued)

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's Investment Managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Council to ensure it is within limits specified in the Fund Investment Strategy.

Other Price Risk – Sensitivity Analysis

Following analysis of historical data and expected investment return movement during the financial year in consultation with the Fund's investment Advisors, the Council has determined that the following movements in market price risk would have reasonably been possible for the 2022-23 reporting period. The potential price changes disclosed above are broadly consistent with one-standard deviation movement in the value of the assets. The sensitivities are consistent with the assumptions contained in the investment Advisors most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Asset Type	Potential Market Movement +/- (%p.a.)
UK pooled equities	18.2
Global pooled equities	19.0
Index linked bonds	7.2
Multi asset credit	7.8
Diversified growth	8.9
Property	15.5
Private Equity	31.2
Infrastructure	14.7
Cash and other investment balances	0.3

Notes to the Pension Fund Accounts (continued)

Had the market price of the fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as follows:

31-Mar-23	Value as at 31-Mar-23 £000	% (rounded) Change	Value on Increase £000	Value on Decrease £000
Asset Type				
UK pooled equities	329,402	18.2	389,353	269,451
Global pooled equities	1,420,172	19.0	1,690,005	1,150,339
Index linked bonds	268,056	7.2	287,356	248,756
Multi asset credit	311,629	7.8	335,936	287,322
Diversified growth	202,763	8.9	220,809	184,717
Property	202,074	15.5	233,395	170,753
Private Equity	236,185	31.2	309,875	162,495
Infrastructure	220,402	14.7	252,801	188,003
Cash and other investment balances	35,864	0.3	35,972	35,756
Total Assets	3,226,547		3,755,502	2,697,592

31-Mar-22	Value as at 31-Mar-22 £000	% (rounded) Change	Value on Increase £000	Value on Decrease £000
Asset Type				
UK pooled equities	321,249	19.9	385,178	257,320
Global pooled equities	1,499,989	20.1	1,801,487	1,198,491
Index linked bonds	327,080	7.3	350,957	303,203
Multi asset credit	311,757	7.4	334,827	288,687
Diversified growth	221,650	9.1	241,820	201,480
Property	249,167	15.0	286,542	211,792
Private Equity	187,426	31.2	245,903	128,949
Infrastructure	201,861	13.3	228,709	175,013
Cash and other investment balances	34,579	0.3	34,683	34,475
Total Assets	3,354,758		3,910,106	2,799,410

Notes to the Pension Fund Accounts (continued)

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's interest rate risk is routinely monitored by the Council and its investment consultant in accordance with the Fund's Risk Management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Fund's direct exposure to interest rate movements as at 31 March 2023 and 31 March 2022 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest Rate Risk Sensitivity Analysis

The Council recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. An 80 basis point (BPS) (i.e. 0.80%) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's Risk Management strategy. The Fund's investment consultant has advised that long-term average rates are expected to move less than 80 basis points from one year to the next and experience suggests that such movements are likely. The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS (1.0%) change in interest rates:

31-Mar-22	Asset Type	31-Mar-23
£000		£000
327,080	Index linked bonds	268,056
311,757	Multi asset credit	311,629
638,837	Total	579,685

Exposure to interest rate risk	Asset values at	Impact of 1%	Impact of 1%
	31-Mar-23	decrease	increase
	£000	£000	£000
Index linked bonds	268,056	270,737	265,375
Multi asset credit	311,629	314,745	308,513
Total change in assets available	579,685	585,482	573,888

Exposure to interest rate risk	Asset values at	Impact of 1%	Impact of 1%
	31-Mar-22	decrease	increase
	£000	£000	£000
Index-linked securities	327,080	330,351	323,809
Multi asset credit	311,757	314,875	308,639
Total change in assets available	638,837	645,226	632,448

Notes to the Pension Fund Accounts (continued)

Exposure to interest rate risk	Interest receivable	Value on 1% increase	Value on 1% decrease
	2022-23		
	£000	£000	£000
Cash deposits, cash and cash equivalents	947	956	938
Multi asset credit	3,020	3,050	2,990
Total	3,967	4,006	3,928

Exposure to interest rate risk	Interest receivable	Value on 1% increase	Value on 1% decrease
	2021-22		
	£000	£000	£000
Cash deposits, cash and cash equivalents	19	19	19
Multi asset credit	5,459	5,514	5,404
Total	5,478	5,533	5,423

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of the assets and the income received from investments impact on the net assets available to pay benefits.

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The Fund's currency rate risk is routinely monitored by the Investment Sub Committee and its Investment Advisors in accordance with the Fund's Risk Management Strategy, including monitoring the range of exposure to currency fluctuations.

The Fund has partially hedged the currency exposures on its equity investments by transferring into currency hedged share classes of its passive equity funds.

Notes to the Pension Fund Accounts (continued)

Currency Risk – Sensitivity Analysis

Following analysis of historical data with the Fund’s Advisors, the Council considers the likely volatility associated with foreign exchange rate movements to be 9.9% (the 1 year expected standard deviation). A 9.9% (31 March 2022: 9.5%) fluctuation in the currency is considered reasonable based on the Fund Advisors analysis of long-term historical movements in the month-end exchange rates over a rolling 36 month period. This analysis assumes that all other variables, in particular interest rates, remain constant. A 9.9% strengthening/weakening of the pound against the various currencies in which the fund holds investments would decrease/increase the net assets available to pay benefits as follows.

Assets exposed to currency risk	Value at 31-Mar-23 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas equities - hedged	234,102	0	234,102	234,102
Overseas equities - unhedged	1,186,070	117,421	1,303,491	1,068,649
Overseas fixed income	147,905	14,643	162,548	133,262
Overseas cash fund	2,210	219	2,429	1,991
Total	1,570,287	132,282	1,702,569	1,438,005

Assets exposed to currency risk	Value at 31-Mar-22 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas equities - hedged	259,145	0	259,145	259,145
Overseas equities - unhedged	1,240,844	117,880	1,358,724	1,122,964
Overseas fixed income	157,117	14,926	172,043	142,191
Overseas cash fund	217	21	238	196
Total	1,657,323	132,827	1,790,150	1,524,496

b) Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund’s financial assets and liabilities. In essence the Fund’s entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Notes to the Pension Fund Accounts (continued)

Contractual credit risk is represented by the net payment or receipts that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognized rating agency, Standard & Poor's. Deposits are not made with banks and financial institutions unless they are rated independently and meet the Council's credit criteria. The Council has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution.

The Council believes it has managed its exposure to credit risk and has had no experience of default or uncollectible deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2023 was £47.4m (31 March 2022: £45.0m). This was held with the following institutions:-

	Rating	31-Mar-22 £000	31-Mar-23 £000
Money market funds			
Northern Trust Global Investors Global Cash Fund	AAAm	36,327	33,295
Bank deposit account			
Barclays Bank	A-1	8,659	14,109
Bank current accounts			
Northern Trust custody accounts	A-1+	47	44
Total		45,033	47,448

c) Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments. This will particularly be the case for cash from the cash flow matching mandates from the main investment strategy to meet the pensioner payroll costs and also cash to meet investment commitments.

The Fund has immediate access to its cash holdings, with the exception of holdings that are for a fixed term when the deposit is placed. The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert in to cash. As at 31 March 2023 the value of illiquid assets was £658.6m, which represented 20.3% of the total Fund assets (31 March 2022: £638.5m, which represented 19.0% of the total Fund assets).

Management prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund Investment Strategy. All financial liabilities at 31 March 2023 are due within one year.

d) Refinancing Risk

A key risk for a Pension Fund is that it may be bound to replenish a significant proportion of its Pension Fund financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its Investment Strategy.

Notes to the Pension Fund Accounts (continued)

19. FUNDING ARRANGEMENTS

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022. The next valuation will take place as at 31 March 2025 and will be published in 2026.

The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment;
- to ensure that employer contribution rates are as stable as possible;
- to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return;
- to reflect the different characteristics of employing bodies in determining contribution rates where the Administering Authority considers it reasonable to do so;
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a maximum period of 20 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable. Where an employer's funding level is less than 100%, a deficit recovery plan is put in place requiring additional contributions from the employer to meet the shortfall.

At the 2022 actuarial valuation, the Fund was assessed as 113% funded (93% at the March 2019 valuation). This corresponded to a surplus of £380m (2019 valuation: deficit of £176m) at that time.

The Contribution Objective is achieved by setting employer contributions which are likely to be sufficient to meet both the cost of new benefits accruing and to address any funding deficit relative to the funding target over the agreed time horizon. A secondary objective is to maintain where possible relatively stable employer contribution rates.

For each employer in the Fund, to meet the Contribution Objective, a primary contribution rate has been calculated in order to fund the cost of new benefits accruing in the Fund. Additionally, if required, a secondary contribution rate has also been calculated to target a fully funded position within the employer's set time horizon.

The table below summarizes the whole fund Primary and Secondary Contribution rates at the 2022 triennial valuation. These rates are the payroll weighted average of the underlying individual employer primary and secondary rates, calculated in accordance with the Regulations and CIPFA guidance.

Primary Rate %	Secondary Rate		
1 April 2023 to 31 March 2026: 20.5%	2023-24: £8,586,000	2024-25: £8,155,000	2025-26: £7,660,000

The Primary rate above includes an allowance of 0.8% of pensionable pay for the Fund's expenses. The average employee contribution rate is 6.3% of pensionable pay. Full details of the contribution rates payable can be found in the 2022 actuarial valuation report and the funding strategy statement on the Fund's website.

Notes to the Pension Fund Accounts (continued)

Basis of Valuation

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were:

Financial Assumptions

A summary of the main financial assumptions adopted for the valuation of members' benefits are shown below.

Assumption	31-Mar-19	31-Mar-22
Price Inflation (CPI)/ Pension increases	2.3%	2.7%
Pay increases	2.8%	3.2%
Discount rate	3.9%	4.4%

Allowance for the McCloud remedy has been included for this expected benefit change at the 2022 valuation as directed by the Department of Levelling Up, Housing and Communities.

Mortality Assumptions

Assumed life expectancy at age 65	Active and Deferred Members		Current Pensioners	
	Male	Female	Male	Female
2019 valuation	22.3	25.1	21.5	23.7
2022 valuation	22.5	25.8	21.6	24.3

Note that the figures for active and deferred members assume that they are aged 45 at the valuation date.

Various scaling factors have been applied to the mortality tables to reflect the predicted longevity for each class of member and their dependents.

Other Demographic Valuation Assumptions:

a) Retirements in ill-health - Allowance has been made for ill-health retirements before normal pension age.

b) Withdrawals - Allowance has been made for withdrawals from service.

c) Retirements age- The earliest age at which a member can retire with their benefits unreduced.

d) Death in Service - Allowance has been made for death in service.

e) Promotional salary increases - Allowance has been made for promotional salary increases.

f) Proportion married - A varying proportion of members are assumed to have a dependant at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. The dependant of a male member is assumed to be 3 years younger than him and the dependant of a female member is assumed to be 3 years older than her.

g) Commutation - 55% of future retirements elect to exchange pension for additional tax free cash up to HMRC limits.

h) 50:50 option - 1.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option.

Notes to the Pension Fund Accounts (continued)

20. ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year.

In order to assess the value of the benefits on this basis, the Actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 19). The actuary has also used valued ill health and death benefits in line with IAS 19.

31-Mar-22		31-Mar-23
£m		£m
-4,418	Present value of promised retirement benefits	-3,136
3,368	Fair value of scheme assets (bid value)	3,242
-1,050	Net liability	106

As noted above, the liabilities are calculated on an IAS 19 basis and therefore will differ from the results of the 2022 triennial funding valuation (see Note 19) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

Assumptions Used

31-Mar-22	Assumption	31-Mar-23
% p.a.		% p.a.
3.20	Inflation/pension increase rate assumption	2.95
3.70	Salary increase rate	3.45
2.70	Discount rate	4.75

Notes to the Pension Fund Accounts (continued)

21. CURRENT ASSETS

31-Mar-22	31-Mar-23
£000	£000
Debtors:	
2,044 Contributions due – members	1,850
6,286 Contributions due – employers	5,505
1,575 Other debtors	170
9,905	7,525
8,659 Cash balances	14,109
8,659	14,109
18,564	21,634

22. CURRENT LIABILITIES

31-Mar-22	31-Mar-23
£000	£000
661 Benefits payable	818
4,915 Other creditor	4,977
5,576	5,795

23. ADDITIONAL VOLUNTARY CONTRIBUTIONS

31-Mar-22	31-Mar-23
£000	£000
5,444 Prudential	5,054
645 Standard Life	545
6,089	5,599

24. AGENCY SERVICES

Agency Services represent activities administered by the Fund on behalf of scheme employers which are not included within the Fund Account but are provided as a service and are fully reclaimed from the employer bodies.

31-Mar-22	31-Mar-23
£000	£000
2,248 Unfunded pensions	2,233
2,248	2,233

Total contributions of £787k (2021-22: £148k) were paid directly to Prudential during the year. Total contributions of £14k (2021-22: £7k) were paid directly to Standard Life during the year.

Notes to the Pension Fund Accounts (continued)

25. RELATED PARTIES TRANSACTIONS

West Northamptonshire Council

The Northamptonshire Pension Fund is administered by West Northamptonshire Council. Consequently, there is a strong relationship between the Council and the Fund. The Council incurred costs of £2.6m (2021-22: £2.2m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses.

The Council is also the single largest employer of members of the Pension Fund and contributed £27.9m of employer's contributions to the Fund in 2022-23 (2021-22: £23.6m). At 31 March 2023 there was £1.5m due to the Fund by the Council (31 March 2022: £1.9k was due to the Fund by the Council).

Governance

The following members of the Pension Fund Committee declared a personal interest due to either being a member of the scheme themselves or having a family member in the scheme;

Councillor Lloyd Bunday, Andy Langford, Peter Borley-Cox and Robert Austin.

The following members are on the Board or an employee of an employer body in the Pension Fund;

Councillor Graham Lawman, Peter Borley-Cox, Robert Austin and Paul Wheeler.

Council members have declared their interests in their Register of Members' Interests. Other members of the Pensions Committee are required to declare their interests at each meeting.

25 (a). KEY MANAGEMENT PERSONNEL

The administration of the Fund is provided by West Northamptonshire Council (lead authority) in partnership with Cambridgeshire County Council. The Head of Pensions reports directly to Assistant Director of Finance at West Northamptonshire Council, whose costs are reported in the West Northamptonshire Council statement of accounts. Other key personnel include the Section 151 Officer.

31-Mar-22	31-Mar-23
£000	£000
56 Short-term benefits	59
3 Post-employment benefits	-201
59	-142

Post-employment benefits to 31 March 2022 are based on a roll forward from the 2019 valuation. The post employment benefits to 31 March 2023 are based on a roll forward from the 2022 valuation, this "step change" can lead to a sizable remeasurement to the obligations. For more information see Note 19 and 20.

26. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

Outstanding capital commitments at 31 March 2023 totalled £115.1m (31 March 2022: £181.4m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of between three and fifteen years from the date of each original commitment.

27. CONTINGENT ASSETS

Twelve admitted body employers in the Northamptonshire Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default.

Notes to the Pension Fund Accounts (continued)

28. ASSET POOLING

The Northamptonshire Pension Fund has joined with ten other Local Government Pension Schemes (LGPS) Administering Authorities to form the ACCESS (A Collaboration of Central, Eastern and Southern Shires) Pool. The other members of the ACCESS Pool are:

Cambridgeshire, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Suffolk and West Sussex.

On 31 March 2023 collectively the pool has assets of £60bn (of which 58.5% has been pooled) serving 3,500 employers with over 1.2 million members including 310,000 pensioners.

The ACCESS Pool is not a legal entity in itself but is governed by the Inter Authority Agreement (IAA) signed by each Administering Authority established in 2017. The IAA sets out the terms of reference and constitution of ACCESS.

The formal decision-making body within the ACCESS Pool is the ACCESS Joint Committee. The Joint Committee has been appointed by the 11 Administering Authorities under s102 of the Local Government Act 1972, with delegated authority from the Fund Council of each Administering Authority to exercise specific functions in relation to the Pooling of Pension Fund assets.

The Joint Committee is responsible for ongoing contract management and budget management for the Pool and is supported by the Section 151 Officers Group, Officer Working Group and the ACCESS Support Unit. More information on the ACCESS pool can be found on their website: [ACCESS Pool](#).

Glossary

ACCRUAL An amount to cover income or spending that belongs to the accounting year, which was outstanding at the accounting date.

ACTUARY An independent company which advises on the assets and liabilities of the Fund with the aim to ensure that the payment of pensions and future benefits are met.

ACS Authorised Contractual Scheme

ADMITTED BODIES Voluntary and charitable bodies whose staff can become members of the Local Government Pension Scheme subject to certain terms and conditions and other organisations to whom Local Government employees have been transferred under the outsourcing of Local Government services.

AJC ACCESS Join Governance Committee

BOND Security issued by a corporate or government body borrowing in the capital markets. Bonds promise to pay interest (coupons) during the life of the bond plus the principal sum borrowed on the redemption date. Bonds may be secured over assets of the firm or be unsecured.

CASH EQUIVALENTS Assets which are readily convertible into cash.

CIPFA Chartered Institute of Public Finance and Accountancy

COMMUTATION Giving up part or all of the pension payable from retirement in exchange for an immediate lump sum. Commutation factors (usually calculated by the Fund Actuary) are used to determine the amount of pension which needs to be given up in order to provide the lump sum.

CONTINGENT ASSETS AND LIABILITIES Are assets and liabilities that may or may not be incurred depending on the outcome of a future event.

CONVERTIBLE Unsecured loan stock (bond) which converts into equity of the issuing company. The UK Government also issues convertible gilts

which convert into other government stock.

COUPON The regular payment made on bonds.

CURRENT ASSETS Short-term assets such as inventories, receivables and bank balances.

CURRENT LIABILITIES Amounts owed which are due to be settled in less than one year, such as bank overdrafts and money owed to suppliers.

CUSTODIAN An external body responsible for ensuring Fund assets are registered in the name of the Fund, managing the settlement of trades entered into by the Fund, collecting income arising on Fund assets and reporting transactions and values to the Fund on a regular basis.

DEFICIT An outcome as a result of taking away all expenses from income. Additionally, the Fund is in deficit when the liabilities are larger than assets.

DERIVATIVE A financial instrument derived from a security, currency or commodity, or an index indicator representing any of these, the price of which will move in a direct relationship to the price of the underlying instrument. Derivatives can be used for a number of purposes - including insuring against price movements (hedging), increasing exposure to price movements for speculation or getting access to otherwise hard to trade assets or markets.

DIVIDEND The distribution of profits by a company to its shareholders. The dividend may be passed or cut if profits fall. [See also Equities]

EQUITIES Shares representing the capital of a company issued to shareholders usually with voting rights on the way the company runs the business. Equity holders rank last in the event of the winding up of a company.

Glossary (continued)

FINANCIAL INSTRUMENTS Contracts which give rise to a financial asset of one entity and a financial liability or equity instrument of another.

FUTURES Instruments which give a buyer the right to purchase a commodity at a future date.

GMP Guaranteed Minimum Pension

HEDGE To protect a fund from a fall in prices. This is usually accomplished by the selling of futures.

IAS International Accounting Standards

IAS19 outlines the accounting requirements for employee benefits, including short-term benefits, post-employment benefits such as retirement benefits, other long-term benefits and termination benefits.

IDRP Internal Dispute Resolution Procedures

INDEX LINKED Stock whose value is related directly to an index, usually the Retail Price Index and therefore provides a hedge against inflation.

INTEREST YIELD The annual coupon on a bond divided by the price of a bond which is quoted without accrued interest.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) Accounting Standards, Interpretations and the Framework adopted by the International Accounting Standards Board (IASB).

ISC Investments Sub-Committee

LOAN STOCK Unsecured bonds, which may be convertible if they have a warrant attached.

LPB Local Pension Board.

PENSION STRAIN Charges to employers to cover discretionary early retirement costs, which are the responsibility of the employer, recovered in the first year of retirement in full.

PLSA Pensions and Lifetime Savings Association.

PORTFOLIO A collection of investments. This can refer to the investments managed by a particular Investment Manager, or to describe the whole Fund's investments.

RELATED PARTY A person or an organisation which has influence over another person or organisation.

SCHEDULED BODIES Local Authorities and similar bodies whose staff are entitled automatically to become members of the local Authority Pension Fund.

STOCK Shares (e.g. Common stock). However, UK Gilts are more correctly described as stock.

SURPLUS An outcome as a result of taking away all expenses from income. Additionally, the Fund is in surplus when the assets are larger than liabilities.

TRANSFER VALUES Sums which are paid either to or received from other pension schemes and relate to new and former members' periods of pensionable employment with employers participating in the scheme.

TREASURY MANAGEMENT A process which plans, organises and controls cash, investments and borrowings so as to optimise interest and currency flows, and minimise the cost of funds.

UNDECIDED LEAVER A member who has left employment but their pension benefits have yet to be calculated

UNFUNDED Pension benefits not funded by the Pension Fund. Benefits are fully reclaimed from the employer bodies.

UNIT TRUST An open-ended trust investing in a wide spread of stocks, shares and cash (subject to FSA limits). Investors buy units directly from the Investment manager to participate in a diversified portfolio. Unit trusts are subject to FSA investment and borrowing regulations.

Northamptonshire Pension Committee/Investment Sub Committee Agenda Plan

Meeting date	Agenda item	Lead officer
24/7/2023 PC	Training Strategy [approval]	M Oakensen
	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
2/10/2023 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
	Final Accounts and Audit Results [approval]	F Coates
	AVC Review [approval] - exempt	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
Page 163	Equity Portfolio Review [approval]	B Barlow
	Impact Investments in Private Markets [to note]	B Barlow

Meeting date	Agenda item	Lead officer
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
	Employer Admission and Cessation Report [standing item]	C Blose
	Administration Strategy [approval]	C Blose
	Data Improvement Policy [approval]	M Oakensen
	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
	ACCESS Update [standing item] exempt	M Whitby
June 2024 PC	Administration Report [standing item]	M Oakensen

Meeting date	Agenda item	Lead officer
	Business Plan Update [standing item]	M Whitby
	Governance and Compliance Report [standing item]	M Oakensen
	Employer Admission and Cessation Report [standing item]	C Blose
	Communication Strategy [approval]	C Blose
	Risk Monitoring [standing item] – exempt	M Oakensen
	ACCESS Update [standing item] exempt	M Whitby

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