



Local Pension Board

A meeting of the Local Pension Board will be held on
<https://www.youtube.com/channel/UCujrRO-y6RzkN6zPQ-xNAAtA> on
 Thursday 28 April 2022 at 10.00 am

Agenda

1.	Apologies for Absence
2.	Appointment of Chair and Vice-chair
3.	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.
4.	Minutes (Pages 5 - 14) To confirm the Minutes of the meeting of the Committee held on 27 th January 2022.
5.	Action Log (Pages 15 - 16)
6.	Northamptonshire Pension Fund - Administration Report (Pages 17 - 28)
7.	Governance and Compliance Report (Pages 29 - 38)
8.	Pension Fund - Business Plan Update (Pages 39 - 58)
9.	Pension Fund - Business Plan and Medium Term Strategy Update (Pages 59 - 86)

10.	Forward Agenda Plan (Pages 87 - 90)
11.	<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>
12.	<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>*DELETE AS APPROPRIATE*</p> <p>Paragraph 1 – Information relating to any individual.</p> <p>Paragraph 2 – Information which is likely to reveal the identity of an individual.</p> <p>Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information).</p> <p>Paragraph 4 – Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.</p> <p>Paragraph 5 – Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.</p> <p>Paragraph 6 – Information which reveals that the authority proposes;</p> <ul style="list-style-type: none"> a) To give under any enactment a notice under or by virtue of which requirements are imposed on a person; or b) To make an order or direction under any enactment <p>Paragraph 7 – Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.</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>

13.	Risk Monitoring Report (Pages 91 - 122)
14.	Access (Pages 123 - 136)
15.	Cyber Resilience (Pages 137 - 144)

Catherine Whitehead
Proper Officer
20 April 2022

Local Pension Board Members:

Councillor Ken Pritchard
Alicia Bruce
Katy Downes

Councillor Andrew Weatherill
Julie Petrie
Kevin Standish-Day

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.

Evacuation Procedure

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Queries Regarding this Agenda

If you have any queries about this agenda please contact Jeverly Findlay - Democratic Services Officer via the following:

Tel: 01327 302324

Email: jeverly.findlay@westnorthants.gov.uk

Or by writing to:

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One Angel Square
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Local Pension Board

Minutes of a meeting of the Local Pension Board held on <https://www.youtube.com/channel/UCujrRO-y6RzkN6zPQ-xNAtA> on Thursday 27 January 2022 at 2.00 pm.

Present Alicia Bruce
 Katy Downes
 Councillor Ken Pritchard
 Julie Petrie

Apologies Paul Hanson
 for
 Absence:

Officers Joanne Kent, Governance and Regulations Manager
 Mark Whitby, Head of Pensions
 Michelle Oakensen, Governance Officer
 Jeverly Findlay, Committee Officer

26. **Appointment of Chair and Vice-Chair**

Alicia Bruce agreed to be the Chair for this meeting. It was agreed that the appointment of the Chair and Vice Chair would be deferred to the next meeting.

RESOLVED: That the appointment of the Chair and Vice-chair be deferred to the meeting due to be held on 28th April 2022.

27. **Declarations of Interest**

No interests were declared.

28. **Minutes**

Officers at North Northamptonshire Council had been contacted and asked to propose a Councillor from that authority to sit on the Board, but no nomination had been provided; despite the request being reiterated.

The Committee Officer advised that the quorum for the meeting had altered to 3 following the resolution carried at the last meeting.

RESOLVED: The Local Pension Board approved the minutes of the meeting held on 4th November 2021.

29. **Action Log**

The Governance & Regulations Manager advised that there were no actions to note in the Action Log (copies of which had been previously circulated).

RESOLVED: That the Local Pension Board noted the action log.

30. **Internal Audit Report**

31 Internal Audit Report

The Head of Audit reported that the assurance provided for the adequacy of design and implementation of for the pension administration was substantial and for compliance the assurance level was good. There were only minor errors identified and nothing significant. Three recommendations had been made and overall the assurance was positive.

The Chair queried how far the actions had been progressed and implemented. The Head of Pensions advised that the independent checks referred to in the report were now being checked by a list of individuals and they were being clearly recorded. The audit work was commencing in February and Audit had been asked to check the progress that the service had made against the previous year's actions. Further to discussion, it was noted that if an employer did not respond to the pensions service then they had to accept the information that had been provided.

RESOLVED: That the Local Pension Board noted the findings from Internal Audit work during 2020-21.

31. **Northamptonshire Pensions Fund - Administration Performance Report**

Consideration was given to a report which provided an overview of the administrative activities (copies of which had been previously circulated).

The Governance and Regulations Manager drew the Board's attention to the table set out in the appendix to the report relating to the key performance indicators which were all green.

Referring to appendix B, the Governance and Regulations Manager, highlighted that 100% of contributions from employers of the scheme had been received on time in September, October and November. For the period 1 October 2021 to 31 December 2021, only breaches of the law which were deemed as non-material had occurred, which would hopefully be resolved when the changes to the regulations came into force in the near future. There were no new internal dispute resolution cases raised in the September-December time period.

Julie Petrie queried when the Pensions Committee had last agreed the performance indicators and when they would be reviewed. The Governance & Regulations Manager advised that they had been in existence for a while and were in line with CIPFA guidance. The last indicator in the list had been added most recently. Some indicators had been established in response to statutory guidelines and the good governance review may lead to some alterations.

RESOLVED: That the Pension Board noted the Northamptonshire Pensions Fund - Administration Performance Report.

32. Risk Monitoring Report

Consideration was given to the Northamptonshire Pension Fund Risk Register (previously circulated).

The Governance Officer, noted that the risk register was under continuous review and was submitted twice yearly to the Pensions Committee. A few mitigations had been added over a broad area of the risks. Risk 24 had previously increased due to the difficulties that had arisen over recruitment, a number of posts had been filled and therefore this risk had now reduced.

Unfortunately not all the Members of the Pension Committee or the Local Pension Board had been able to complete all of the training modules by the deadline of 31 December 2021. The extension for the completion of the modules had been agreed until 31st January 2022. The risk register had been amended to include 2 further columns in order to identify movements of the risks. The objectives had also been added as an appendix for clarity.

Julie Petrie referred to the proposed action plan to reduce the carbon risk within the fund's investments and transition to a more sustainable portfolio and asked what the timescale of this project would be. The Head of Pensions advised that the work would start in February. Julie Petrie considered that timescales should be provided for risks 6,13 and 25. Further to discussion, with regard to risk 16 and whether dual factor access was used by Officers, it was noted that Officers had separate credentials to

sign in to the Altair system and that the system did have a physical server in two locations.

The Chair welcomed the format of the risk register, but queried the direction of travel for the amber risks and suggested that the impact and likelihood columns could be reduced. The Chair also noted that the number of risks (27) was a considerable amount to manage. The Head of Pensions advised that the risk register was used by officers to manage the risks and it was useful to see at a glance the impact and likelihood targets. There would not be much movement with some risks, but the suggestion would be considered by the team. Further to an enquiry regarding risk appetite levels, the Governance Officer advised that some of the risks were not under the pension team's control e.g. if an employer could not pay their contributions. More information could be added to the risks so that it was clear that they would not all be able to become green.

RESOLVED:

- (i) That the Local Pension Board reviewed the current risks facing the Fund.**
- (ii) That the Head of Pensions review the possibility of implementing dual factor access with Altair and through the corporate network.**

33. Pension Fund Business Plan and Medium Term Strategy Update Report to 31 December 2021.

The Head of Pensions provided an update on the Pension Fund Business Plan and advised that the contract for the investment advisory service had been awarded to the incumbent strategic advisor effective from 9 December.

The Board's attention was drawn to section 4.9 of the report and the reconciliation required for scheme members' contracted out liability against that held by HMRC. There had been a considerable delay as HMRC had not provided the information. This had delayed the rectification stage. 1,841 variance cases had been identified and 997 of these cases needed to be reviewed in order to determine whether an underpayment or overpayment of an individual's pension had been made. Any overpayments would be written off in line with the Fund's Overpayment of Pension Policy but underpayments would be paid over the next year.

Julie Petrie enquired whether performance standards had been considered when appointing the investment advisor. The Head of Pensions advised that this was always considered when procurement was undertaken.

Further to an enquiry, the Head of Pensions advised that Altair was the main system used in local government. The transition process for a new system would take a year.

Alicia Bruce queried whether the overpayments would need to be considered by the Pension Committee. The Head of Pensions advised that it was his understanding that they would not as this was covered in the Overpayment of Pension Policy but this would be confirmed. It was expected that some of the overpayments would be small.

Work was ongoing in preparation for the application of the McCloud age discrimination remedy and scheme employers were gathering the data that was required. Some of the main providers were yet to provide the data. A bill was currently going through parliament which was likely to create a second set of regulations. The new age discrimination regulatory changes were likely to be effective from October 2023, so this would provide more time to get the data prepared.

The Head of Pensions referred to the increase in undecided leaver records that necessitated additional recruitment to be undertaken. There would not be a situation where there would be no cases over six months old because data had to be sought. However progress was being made and monthly meetings were held including all parties within the service area. There were 150,000 members in the scheme. As highlighted at the last meeting, schools changed contracts frequently, which caused a systematic issue.

It was noted that staff had moved internally and the establishment in the retirements team had been increased to allow for greater flexibility. There had been a slight underspend in staff related costs.

The Board discussed the ongoing issues regarding Prudential. The Governance & Regulations Manager advised that there were delays in providing the information for inclusion in the Fund's Statement of Accounts and benefit statements to members. and this had been raised with Prudential. The Local Government Association and the Pensions Ombudsman were aware of the problems.

With regard to the resource levels, the Head of Pensions highlighted that the level in the majority of teams was now right. There had been an isolated problem but this had been in an area of lower priority work. It was believed that the resources in place would be sufficient for the valuation work in the next year and there was also a reliance on the Fund Actuary to undertake that process.

RESOLVED: That the Local Pension Board noted the Business Plan Update to 31 December 2021.

34. **Governance and Compliance Report**

The Governance and Regulations Manager introduced the report (copies of which had been previously circulated) and drew attention to section 5 of the report and the fact that the income and expenditure for the scheme had increased.

New legislation had come into force in response to the national increase in scams. On 30 November 2021 further legal restrictions on the member's right to transfer out of the scheme had come into effect. These changes had resulted in an increase in processing times but improved due diligence.

It was a legal requirement that all members of the Local Pension Board undertake training for their roles and if they could not complete all the modules by the extended deadline of 31 January, they were asked to advise Officers.

Councillor Ken Pritchard queried how the service would react if they were made aware that a scam had occurred and that funds had been transferred. The Governance and Regulations Manager advised that an in depth investigation would take place; very few transfers were made overseas and officers were on high alert to review such applications, the new regulations ensured that there were extra controls in place. The Head of Pensions added that the scheme employer would have to pay the balance of the costs and that this was not an insurable risk for employers. The Chair considered that the changes in legislation had created a tighter process and therefore the likelihood of scams being successful was low.

RESOLVED: That the Local Pension Board noted the contents of the report.

35. **Business Continuity Plan**

The Head of Pensions reported that a new template had been produced by West Northamptonshire Council for Business Continuity Plans; the main difference was with regard to the various scenarios and timescales. It would be shared with the Corporate Team.

RESOLVED: That the Local Pension Board reviewed the content of the Business Continuity.

36. **Investment Strategy Statement**

The Head of Pensions advised that the Fund's Responsible Investment Policy had been agreed by the Pensions Committee. Work would now commence on the de-carbonisation of the investment portfolio. The webpage would include a climate dashboard and the carbon footprint of the scheme would be tracked as it decreased. The Investment Sub-Committee would agree the targets. The Fund would also sign up to the Financial Reporting Council's UK Stewardship Code 2020.

The Board welcomed the proposal to de-carbonise that investment portfolio and improve sustainability.

RESOLVED: That the Local Pension Board noted the contents of the report.

37. **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 4.00 pm

Chair: _____

Date: _____

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**NORTHAMPTONSHIRE
PENSION FUND**

**Local Pension Board
Action log from Local Pension Board meeting held on 27 January 2022**

Agenda Item:

This log captures the actions from the Northamptonshire Local Pension Board of the 27 January 2022 together with any carried forward items from previous meetings and updates members on the progress on compliance in delivering the necessary actions.

This is the updated action log as at 19 April 2022.

Actions from 27 January 2022:

Item No.	Item	Action to be taken by	Issue/Action	Action/Status
33	Risk Monitoring Report	Michelle Oakensen	To provide timescales for risks 6,13 and 25	Completed as part of Risk Register review.
33	Risk Monitoring Report	Michelle Oakensen	More information could be added to the risks so that it was clear that they would not all be able to become green.	Completed as part of Risk Register review.
33	Risk Monitoring Report	Mark Whitby	That the Head of Pensions review the possibility of implementing dual factor access with Altair and through the corporate network.	Ongoing -Dual factor access is a theoretical possibility and costs on implementation and practicalities are currently being explored.

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West Northamptonshire Council

Local Pension Board

28/04/2022

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund – Administration Performance Report
Report Author	Jo Kent, Governance and Regulations Manager, joanne.kent@westnorthants.gov.uk

Contributors/Checkers/Approvers

Head of Pensions	Mark Whitby	19/04/2022
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List of Appendices

Appendix A – Performance against key performance indicators

Appendix B – Timeliness of receipt of employee and employer pension contributions

1. Purpose of Report

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

2. Executive Summary

- 2.1 This report sets out the performance of the Northamptonshire Pension Fund on the following areas of administration:
- 2.1.1 The achievement against the Key Performance Indicators for the period 1 January to 31 March 2022 (appendix A)
 - 2.1.2 Timeliness of receipt of employee and employer pension contributions for the payroll periods of March 2021 to February 2022 (appendix B)
 - 2.1.3 Occurrences of breaches of the law for the period 1 January to 31 March 2022 (section 5.3).
 - 2.1.4 Occurrences of material data breaches for the period of 1 January to 5 April 2022 (section 5.4)
 - 2.1.5 Details of any Internal Dispute Resolution Procedure cases during the period 1 January to 31 March 2022 (section 5.5).
 - 2.1.6 Details of new employers admitted to the Northamptonshire Pension Fund and those that have ceased (section 5.6).

3. Recommendations

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

4. Report Background

- 4.1 One of the core functions of the Pension Board is to ensure the effective and efficient governance and administration of the Northamptonshire Pension Fund. This report demonstrates a number of key areas of administration performance for consideration by the Pension Board.

5. Issues and Choices

5.1 Key Performance Indicators

- 5.1.1 The Pension Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of the Pensions Service in the delivery of key items of casework. The actual performance against these KPIs for the period 1 January to 31 March 2022 can be found in appendix A along with the explanations for any underperformance.
- 5.1.2 Over the 3-month period, service performance has been consistently good with all targets being met with the exception of two.
- 5.1.3 In March, the payment of retirement benefits from active employment target was marginally missed due to work being incorrectly allocated for 2 cases. Going forward regular spot checks will be undertaken to ensure work has been correctly allocated.
- 5.1.4 Also in March, the payment of transfer out target was missed due to a training issue within the team and a change in the payment system for processing transfer out payments. These issues have now been resolved.

5.1.5 Receipt of employee and employer contributions

- 5.2.1 Scheme employers have a statutory obligation to arrange for the correct deduction of employee and employer contributions and to ensure payment reaches the Pension Fund by the 19th of the month following the month of deduction. Providing an associated monthly statement/schedule in an acceptable format.
- 5.2.2 The table in appendix B shows the percentage of employers in the Northamptonshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late for the payroll periods 1 March 2021 to 28 February 2022.
- 5.2.3 In December 2021, January and February 2022 100% of payments were received on time. The current yearly average for payments made on time is 99.99% and schedules being received on time is 99.6%.

5.3 Breaches of the Law

- 5.3.1 There are many laws relating to the Local Government Pension Scheme, with various individuals, including the Pension Committee and Local Pension both (collectively and as individuals) having a statutory duty to report material breaches of those laws to the Regulator. The Northamptonshire Pension Fund maintains a record of both material breaches that are reported to the Pensions Regulator as well breaches that are deemed not to be of material significance and so are not reported to the Pensions Regulator.
- 5.3.2 For the period 1 January to 31 March 2022 the following breaches of the law occurred.

Type of breach	Detail of breach	Course of action
Material	Prudential have failed to provide annual benefit statements in respect of the period 1 April 2020 to 31 March 2021 for 514 scheme	Prudential have self-reported this breach to the Pensions Regulator.

Type of breach	Detail of breach	Course of action
	members that have Additional Voluntary Contribution (AVC) funds with Prudential by the statutory deadline of 31 March 2022. (see 5.3.2.1 for further information).	
Non-material	1 refund of contribution payment was paid outside of the statutory 5 year period.	No further action at this stage, it is likely that the legislation surrounding this will be amended to remove the 5 year requirement.

- 5.3.2.1 Additional Voluntary Contributions (AVCs) are referred to as defined contributions. Defined contribution pension schemes are subject to different regulations with regards to the requirements around the provision of annual benefit statements. The requirement under this legislation is for a scheme member to receive an annual benefit statement no later than 12 months after the defined contribution scheme's year end. Prudential have been experiencing considerable issues with the new software that was introduced shortly before the pandemic which has resulted in Prudential being unable to reconcile the data they hold for the production of year end information for inclusion in the Statement of Accounts which has then impacted their ability to produce annual benefit statements for the period 1 April 2020 to 31 March 2021 by the statutory deadline of 31 March 2022.
- 5.3.2.2 Prudential have reported their failure to produce annual benefit statements for the 514 Northamptonshire Pension Fund members to the Pensions Regulator (TPR). Officers of the Fund have also reported this breach to TPR, in line with the Fund's Reporting Breaches of the Law to the Pensions Regulator's policy.
- 5.3.2.3 If Prudential remain unable to produce the annual benefit statements by 30 April 2022, Officers will request that Prudential contact each of the 514 scheme members directly to explain the continued delay.
- 5.3.2.4 Prudential's recent poor performance has been observed by both TPR and the Local Government Association (LGA). The Pensions Committee will receive a report at the June meeting detailing the administrative performance of both Northamptonshire Pension Fund's AVC providers for consideration.

5.4 Material Data Breaches

- 5.4.1 At the beginning of April a data breach involving 157 scheme members occurred. A bulk print job of leaver letters was inadvertently printed double sided so the recipient would have received their own details along with another scheme member's details (name, address, job title and redacted national insurance number) meaning there were approximately 80 data breaches. The error was identified quickly and West Northants Council's data breach guidelines were followed. All 157 scheme members have been written to apologising for the error. The member of staff involved in the breach has repeated the Council's training on data protection and additional safeguards have been introduced to prevent this type of data breach from occurring again.

5.5 Internal Dispute Resolution Procedure cases

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

5.5.2 Disputes that are upheld at stage 1 may still progress to stage 2 if the scheme member or their representative remains unsatisfied with the overall outcome. The outcome may not fully meet the complainant’s expectations – particularly if their perception is that their financial loss was greater than any compensation awarded, or the level of non-financial injustice award was not consistent with their expectation.

5.5.3 In the period 1 January 2022 to 31 March 2022 no administering authority disputes were either raised an/or responded to.

5.5.4 In the period 1 January to 31 March 2022 the following employing authority dispute was raised and responded to.

Nature of dispute	Stage 1 (adjudicated by the scheme employer)	Stage 2 (adjudicated by the Monitoring Officer)
Final pay provided for estimate of retirement benefits incorrectly included non-contractual overtime, resulting in a higher estimate of benefits than could be lawfully paid when using the correct final pay figure.	Not upheld (13 December 2021)	Not upheld (18 February 2022)

5.6 Employers Admissions and Cessations

5.6.1 The following admitted bodies were admitted to the Northamptonshire Pension Fund:

- Maid Marion’s Limited
- Compass Contract Services

5.6.2 The following designating body was admitted to the Northamptonshire Pension Fund:

- Corby Town Council

5.6.3 The following bodies have ceased to be an employer within the Northamptonshire Pension Fund:

- Change-Grow-Live
- Compass Contract Services
- The Coombs Catering Partnership
- TTC 2000 Limited

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 The failing by Prudential to produce annual benefit statements for the period 1.4.20 to 31.3.21 has been considered a material breach of the which has been reported to the Pensions Regulator in line with the Fund’s policy. Please refer to section 5.3 of this report.

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

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

6.4 Relevant Pension Fund Objectives

6.4.1 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 measure clearly articulated objectives through business planning.
- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- To put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary.
- To administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.

6.5 Consultation

6.5.1 Not applicable.

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Appendix A - Key Performance Indicators – January, February & March 2022

Function/Task	Indicator	Target	Month	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Notify leavers of deferred benefit entitlement.	Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information.	90%	January February March	156 120 144	152 118 143	4 2 1	97 98 99	Green Green Green	SLA target met SLA target met SLA target met
Payment of retirement benefits from active employment	Notify employees retiring from active membership of benefits award, from date payable or date of receiving all necessary information if later within 5 working days.	95%	January February March	40 29 33	39 29 31	1 0 2	98 100 94	Green Green Amber	SLA target met SLA target met SLA target not met*
Payment of pension benefits from deferred membership status.	Notify members retiring from deferred membership status of benefits award, from date payable or date of receiving all necessary information if later within 10 working days.	90%	January February March	33 39 37	31 38 34	2 1 3	94 97 92	Green Green Green	SLA target met SLA target met SLA target met
Award dependant benefits – Statutory	Issue award within 5 working days of receiving all necessary information.	95%	January February March	22 32 37	22 32 37	0 0 0	100 100 100	Green Green Green	SLA target met SLA target met SLA target met
Provide a maximum of one estimate of benefits to employees per year on request –	Estimate in agreed format provided within 10 working days from receipt of all information.	80%	January February March	32 48 40	31 45 37	1 3 3	97 94 93	Green Green Green	SLA target met SLA target met SLA target met

Appendix A - Key Performance Indicators – January, February & March 2022

Statutory									
Provide transfer-in quote to scheme member – Statutory	Letter issued within 10 working days of receipt of all appropriate information.	95%	January February March	15 43 39	15 43 39	0 0 0	100 100 100	Green Green Green	SLA target met SLA target met SLA target met
Payment of transfer out – Statutory	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	January February March	32 16 15	32 16 12	0 0 3	100 100 80	Green Green Amber	SLA target met SLA target met SLA target not met**

*Payment of retirement benefits from active employment – KPI marginally missed for March in this area due to work being incorrectly allocated for 2 cases. Going forward regular spot checks will be undertaken to ensure work has been correctly allocated.

**Payment of transfer out – Target missed for March due to a training issue within the team and a change in the payment system for processing transfer out payments. These issues have now been resolved.

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

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

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

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

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
March 2021	100	0	97.9	2.1
April 2021	100	0	100	0
May 2021	100	0	100	0
June 2021	100	0	100	0
July 2021	99.7	0.3	98.2	1.8
August 2021	100	0	100	0
September 2021	100	0	100	0
October 2021	100	0	100	0
November 2021	100	0	99.1	0.9
December 2021	100	0	100	0
January 2022	100	0	100	0
February 2022	100	0	100	0
Average for period	99.99	0.01	99.6	0.4

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West Northamptonshire Council

Local Pension Board

28/04/2022

Mark Whitby – Head of Pensions

Report Title	Governance and Compliance Report
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Contributors/Checkers/Approvers

Head of Pensions	Mark Whitby	5 April 2022
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List of Appendices

Appendix A – Skills and knowledge training schedule

1. Purpose of Report

- 1.1 This is a standing report that identifies issues and developments in the governance, management and administration of the Northamptonshire Local Government Pension Scheme (LGPS) as administered by West Northamptonshire Council.

2. Executive Summary

- 2.1 This report provides the Pension Board with information on the following significant current issues which have an impact on the governance, management and administration of the Northamptonshire Pension Fund.
- Department for Levelling Up, Housing and Communities – Levelling Up the United Kingdom White Paper
 - Scheme Advisory Board – UN Letter regarding investments in the Israeli settlement economy and Scheme Member representation on Asset Pools
 - Department for Work and Pensions – Consultation on draft Pensions Dashboards Regulations 2022
 - The Pensions Regulator – Reporting pension scams
 - New legislation – Pensions Wise guidance
 - Governance of the Northamptonshire Pension Fund – Vacancies on the Pensions

3. Recommendations

- 3.1** The Pension Board is asked to:
- a) Note the contents of this report.

4. Report Background

- 4.1** This report provides an update on developments and issues that impact the LGPS that members of the Local Pension Board need to be aware of to fulfil their responsibilities to the Fund's key stakeholders. The content of this report will also provide information that will support the scrutiny of decisions made by the Pension Committee and assists members of the Local Pension Board in the ongoing attainment of skills and knowledge as required by the Pensions Regulator and the Public Services Pensions Act 2013.

5. Issues

5.1 The Department for Levelling Up, Housing and Communities (DLUHC) - Levelling Up the United Kingdom – White Paper

- 5.1.1 On 2 February 2022, the UK Government published its white paper on Levelling Up that sets out the Government's plans to spread economic opportunities more equally across the UK. The plans are wide-ranging with the intention to address six drivers of spatial disparity across "missions". The paper outlines the role of institutional investment in the Levelling Up agenda as providers of capital. Specifically for the LGPS, the paper notes the progress to date with the increasing investment in infrastructure from £1bn in 2016 to £21bn in 2021 (largely through the asset pools). As part of the proposals individual LGPS Funds will need to publish their plans to target up to 5% of their assets being invested in "local" projects.
- 5.1.2 The Scheme Advisory Board understands that the context of local refers to the UK rather than local to a particular LGPS Fund and that there will be no mandating beyond the requirement to have a plan.
- 5.1.3 It is expected that the government will release a consultation on this matter in the summer of 2022 which will also include the outstanding climate risk and reporting regulations and the pooling guidance.
- 5.1.4 Further information can be found in the white paper on page 162 - Levelling Up the United Kingdom - GOV.UK (www.gov.uk).

5.2 Scheme Advisory Board

5.2.1 UN Letter about investments in the Israeli settlement economy

- 5.2.1.1 On 22 November 2021, Michael Lynk, United Nations Special Rapporteur on the Palestinian Territories sent a letter to all Pension Committee Chairmen/women. The letter asked a number of questions of LGPS administering authorities concerning investment in companies that may be involved in the Israeli settlement economy. The Scheme Advisory Board and the Local Authority Pension Fund Forum (LAPFF) met with Michael Lynk on 11 January 2022. The following statement was subsequently released by the Scheme Advisory Board:
- "The discussion was productive and it was agreed to follow up with another call in a month or so. It was made clear that LGPS Funds' primary objective in investments is to ensure pensions are paid but they do take into account human rights issues seriously in their decisions and through LAPFF are actively engaged with many companies listed on the [United Nations] database. In that respect Mr Lynk will provide further information on the database in particular the process for removing companies from it. LGPS Fund who are considering responding to Mr*

Lynk may wish to reference this ongoing discussion”.

5.2.2.2 Officers, in light of the ongoing national dialogue, do not at this time intend to respond to Mr Lynk’s letter which can be found [here](#).

5.2.2 Scheme member representation in Asset Pools

5.2.2.1 On 17 December the Scheme Advisory Board expressed its disappointment that the ACCESS asset pool continues not to have adopted the SABs policy on including member representation in its governance arrangement. SAB urges representatives of the pool’s Funds to reconsider the position to include scheme member representation, either as full members, with, or without voting rights or as observers.

5.2.2.2 SAB subsequently amended the statement to reflect that ACCESS had complied with SAB’s policy by explaining their reasons for excluding scheme members.

5.2.2.3 At the Joint Committee meeting of the ACCESS asset pool on 7 March 2022 proposals were agreed that will enable each ACCESS Authority’s Local Pension Board (LPB) to send two observers on a rotational basis to Joint Committee meetings. In practice, observers from three ACCESS Authority LPBs at a time will attend Joint Committee meetings in person, allowing each LPB to be represented at least once a year. The observers can be drawn from scheme member representatives, employer representatives or independent LPB members.

5.2.2.4 Whilst it will be for each LPB to agree the two observers, it is desirable that at least one of the observers from each LPB is a scheme member representative. This arrangement will be reviewed after its first full year. The Inter Authority Agreement will need to be revised accordingly, followed by the Fund’s Governance and Compliance Statement and the Council’s constitution.

5.3 Department for Work and Pensions (DWP) – Draft Pensions Dashboards Regulations 2022 Consultation

5.3.1 On 31 January 2022 the DWP published a consultation on the draft Pensions Dashboards Regulations. The consultation closes on 13 March 2022.

5.3.2 Pensions dashboards will allow individuals to see information about all their pensions, including the State Pension, in one place. These draft regulations set the requirements to be met to deliver this and will place a legal duty on pension providers to provide information to the dashboards.

5.3.3 The consultation proposes a staging deadline of the end of April 2024 for public service pension schemes, including the LGPS. This means that LGPS administering authorities will need to be able to connect to the digital architecture by this date and be ready to provide scheme member data to them via the dashboards.

5.3.4 The Local Government Pensions Committee responded to consultation stating that it is their view that the LGPS will not be able to connect and meet its statutory duties by the proposed connection deadline of April 2024 for the following reasons:

- The value data required goes beyond what LGPS administering authorities must currently provide
- LGPS administering authorities will already be under significant pressure at the time because of implementing the McCloud remedy
- The proposed response times for value data mean that funds will need to collect and validate data on a monthly basis (whilst the Northamptonshire Pension Fund collects data on a monthly basis, not all other LGPS Funds will).
- Recruitment and retention of suitably skilled staff remains a barrier
- A number of other technical issues that are unique to the LGPS.

5.3.5 The LGPC response to the consultation can be found in full [here](#). The Local Pension Board will

be kept up to date with developments regarding the Pensions Dashboard.

5.4 The Pensions Regulator

- 5.4.1 On 18 January 2022, the Pensions Regulator (TPR) published a press release following concerns that too few schemes are reporting suspected pension scams. Failing to report suspicions of pension scams does not enable TPR to understand the scale of the problem or put in place successful interventions.
- 5.4.2 Reporting concerns about potential pension scams to Action Fraud is being incorporated into the relevant transfer out processes by Officers of the Northamptonshire Pension Fund.

5.5 New legislation

5.5.1 The Occupational and Personal Pension Schemes (Disclosure of Information) (Requirements to Refer Members to Guidance etc) (Amendment) Regulations 2022

- 5.5.1.1 The above regulations were laid before Parliament on 17 January 2022 and come into force on 1 June 2022.
- 5.5.1.2 These regulations will require administrators of occupational pension schemes including the LGPS, to give their members, in certain cases a stronger 'nudge' to obtaining Pension Wise guidance.
- 5.5.1.3 Pension Wise is a government service from MoneyHelper that offers free, impartial pensions guidance about defined contribution pension options, such as additional voluntary contributions (AVCs).
- 5.5.1.4 Administering authorities will need to give the stronger nudge where it receives an application, or a communication in relation to an application, from a scheme member to start receiving their AVCs on or after 1 June 2022. These regulations also apply to applications from scheme members aged 50 or over to transfer out their AVCs.
- 5.5.1.5 As part of the application process, administering authorities must:
- Offer to book a Pension Wise appointment on behalf of the scheme member
 - Where the member accepts, take reasonable steps to book the appointment
 - Where the member does not accept the offer, or where the authority is unable to book the appointment despite having taken reasonable steps, gives details to the member of how to book the appointment themselves
 - Explain to the member that the authority cannot proceed with the application unless the member has attended the appointment and confirmed this to the authority, or has opted out of attending an appointment, and
 - Explain to the member that they can only opt out in respect of the application by giving (either verbally or in writing) a notification to the administering authority. The member may only give the notification in a separate communication made solely for that purpose.
- 5.5.1.6 Administering authorities must keep a record of whether, in respect of an application, the member attended a Pension Wise appointment or opted out of attending one.
- 5.5.1.7 Officers are currently reviewing the processes and documentation for scheme members who retire with AVCs and so these future changes will be incorporated as part of that review ready for implementation on 1 June 2022. Officers will also review the process for scheme members who are over the age of 50 who make an application to transfer out their AVCs to ensure full

compliance with the new Regulations by the same date.

5.6 Governance of the Northamptonshire Pension Fund

5.6.1 All other scheme employers representative on the Pensions Committee

5.6.1.1 The Pensions Committee is formed of the following representatives.

Representing:	Number of seats
West Northamptonshire Council (the administering authority)	7
North Northamptonshire Council	2
All other employers	2 (1 vacant)
Active Scheme Members	1
Deferred and Pensioner Members	1

5.6.1.2 There has been a vacancy on the Pension Committee for a representative of all other scheme employers since the establishment of the Pensions Committee following the creation of the new administering authority on 1 April 2021, (West Northamptonshire Council). At the time it was not possible to fill both of the ‘all other scheme employer’ representative positions due to only receiving one candidate.

5.6.1.3 A fresh campaign was launched at the beginning of February 2022 to find candidates to take part in a ballot to elect a representative to this seat. The process concluded at the end of March with no candidates being received. The vacancy will be readvertised again in May 2022 using different communication methods including the use of LinkedIn in order to obtain more interest.

5.6.2 North Northamptonshire Council (NNC) employer representative on the Local Pension Board

5.6.2.1 The Local Pension Board is formed of three scheme member representatives and three scheme employer representatives. The three scheme employer representative positions are comprised of an elected member for West Northamptonshire Council, an elected member for NNC and an employer representative from any other of the scheme’s employers.

5.6.2.2 The vacancy for the NNC representative that had existed since the elections in May 2021 has now been filled by Councillor Andrew Weatherill.

5.6.3 Fund Policy/Strategy Updates

5.6.3.1 Officers have reviewed the Fund’s Payment of Employee and Employer Contributions Policy and only non-material changes were made to the policy such as updating job titles and the removal of reference to LGSS. The revised policy can be found on the Fund’s website [here](#).

5.7 Skills and knowledge opportunities

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

5.7.2 In order to facilitate the acquisition of skills and knowledge for members of the Pension Board, appendix A lists the main events that are deemed useful and appropriate.

5.7.3 If members of the Pension Board would like to attend any of the events listed in appendix a please contact a member of the Fund’s governance team who will make the necessary

arrangements, if an invitation has not already been sent.

6 Implications (including financial implications)

6.1 Resources and Financial

6.1.1 There are no resources or financial implications arising from the proposals as the ongoing costs (specifically training delivered by the Fund’s advisors) have been considered in the existing budget for 2021/22 as previously approved by the Pension Committee and the budget for 2022/23 has been included within the Business Plan and Medium-Term Strategy 2022/23 – 2024/25 which is to be approved at this meeting.

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 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 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 -

- 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.

6.5 Consultation

6.5.1 Not applicable.

7 Background Papers

7.1 Not applicable.

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Appendix A

Upcoming training events

Date	Event Description	Audience
13-14 July 2022	Heywood Class Conference Pensions Administration and Payroll Platform Annual General Meeting (Manchester)	Officers
September 2022 (tbc)	LGC Investment and Pensions Summit Further details to be confirmed	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
December 2022 (tbc)	LAPFF Annual Conference Bournemouth Further details to be confirmed	Pension Committee, Pension Board, Officers, Section 151 Officers

Past training events

Date	Event Description	Audience
8-10 December 2021	LAPFF Annual Conference Bournemouth LAPFF Annual Conference LAPFF (lapfforum.org)	Pension Committee, Pension Board, Officers, Section 151 Officers
20-21 January 2022	LGPS Governance Conference Face to Face in Bournemouth or online flyer_final.pdf (eventsforce.net)	Pension Committee, Pension Board, Officers, Section 151 Officers
1 February 2022 2.30pm Virtual	In-house/Hymans Robertson Triennial Valuation Training* (the session was recorded and shared for those who were unable to attend)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
8 March 2022 10am Virtual	In-house/Aon Cyber Security Awareness Training* (the session was recorded and shared for those who were unable to attend)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
9-10 March 2022	PLSA ESG Conference 2022 Online ESG Conference (plsa.co.uk)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers

Date	Event Description	Audience
24-25 March 2022	LGC Investment Seminar Cheshire LGC Investment Seminar 2022	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers
13-15 June 2022	PLSA Local Authority Conference 2022 Gloucestershire Local Authority Conference (plsa.co.uk)	Pension Fund Committee, Pension Fund Board, Officers, Section 151 Officers

* Mandatory training – if you have not already undertaken this training please contact Michelle Oakensen or Joanne Kent for the link.



West Northamptonshire Council

Local Pension Board

28/04/2022

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund - Business Plan and Medium Term Strategy Update Report to the end of the 2021/22 financial year.
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Contributors/Checkers/Approvers

Head of Pensions	Mark Whitby	19/4/2022
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List of Appendices

Appendix A – Full list of the key fund activities for the 2021/22 financial year.

Appendix B - Variances against the forecast of investments and administration expenses based on original setting of assumptions

1. Purpose of Report

- 1.1 Good governance requires that updates to the pre-agreed Annual Business Plan and Medium-Term Strategy are provided to the Board on a regular basis. This update highlights the progress made on the key activities for the period up to the end of 2021/22 financial year.

2. Executive Summary

- 2.1 The Northamptonshire Pension Fund have for many years considered it good governance to have in place a Business Plan and Medium Term Strategy that is reviewed on an annual basis for the start of the next financial year.
- 2.2 The report summarises the progress made on each activity for the period under review.

3. Recommendations

3.1 The Pension Board is asked to:

3.1.1 Note the Business Plan Update to the end of the financial year.

4. Report Background

4.1 Re-tender for strategic investment advisory services

4.1.1 Background: This continued the work undertaken in 2020/21 to re-tender the investment advisory services contract that was previously awarded to Mercer LLC that expired on 30 September 2021 by performing a mini competition on the National LGPS Framework.

4.1.2 The November 2020 Investment Sub-Committee approved the timetable and the proposed contract term for the Consultancy re-tender and approved the launch of a re-tender for the Investment Management Performance Reporting contract currently provided by Mercer, should this be necessary.

4.1.3 This was a joint procurement with the Cambridgeshire Pension Fund for a single supplier to benefit from the efficiencies of a shared service. Each Fund will have separate contractual arrangements.

4.1.4 Key milestones:

Key Milestones	Dates	On target for completion?
Notify successful supplier	April 2021	Completed
Complete Consultancy procurement / complete National Frameworks Order	June 2021	Completed
Complete Management Performance Reporting procurement	June 2021	Not applicable
Transition/handover (including historical performance data)	July 2021 to September 2021	Not applicable
New contract begins	1 October 2021	Completed
Strategy health check	31 March 2022	Not applicable

4.1.3 Update: Completed - the successful supplier was the Fund's incumbent strategic adviser, Mercer, therefore a health check on the current strategy by a new provider is not applicable. The contract was signed with a commencement date of 9 December 2021.

4.2 Retender for global custody services

4.2.1 Background: This continues the work undertaken in 2020/21 with Funds in the ACCESS pool to launch a revised framework for Global Custody Services under the National LGPS Frameworks. The Pension Committee approved in principle the collaborative procurement of a global custodian, alongside ACCESS partners, in sufficient time to transition the Fund's custody arrangements to the chosen provider (if a change from the current provider) before the expiry on 30 September 2021 of the Fund's extended contract with Northern Trust. Delivery of this activity is dependent upon collaboration with ACCESS partners in calling off the new framework.

4.2.2 Key milestones:

Key Milestones	Dates	On target for completion?
Work with ACCESS partners to call off a common custodian.	December 2020 to 30 September 2021 (revised date, formerly June 2021)	Completed
Complete transition to the new custodian (if required).	July 2021 to September 2021	Not applicable

4.2.3 Update: Completed - Northern Trust was awarded the contract and formally signed by all parties in November 2021 with an effective contract start date of 1 October 2021.

4.3 Review contracts for actuarial, benefits and governance consultancy services

4.3.1 Background: The existing separate contracts for actuarial, benefits and governance consultancy services are due to expire on 1 April 2023 with the option to extend for a further 12 months. Consideration will need to be given as to whether the separate contracts should be extended together at or if it is appropriate to conduct procurements earlier to tie in with future activity required from these contracts. The procurement will be on a joint basis with the Cambridgeshire Pension Fund using the National LGPS Framework.

4.3.2 Key milestones:

Key Milestones	Dates	On target for completion?
Decision whether to procure or extend each contract	June 2021	Completed

4.3.3 Update: In July 2021 the Pension Committee made a decision to extend the actuarial contract by a further 12 months. Upon further consideration and in recognition of the excellent service received from the benefits and governance contract, the Pension Committee agreed to extend this contract by a further six months in March 2022.

4.4 Re-tender for pensions administration and pensioner payroll platform

4.4.1 Background: The Fund currently uses Aquila Heywood Ltd's Altair product as its pensions administration and payroll platform. The contract with Aquila Heywood Ltd was extended in September 2021 by a further three years to enable minimum disruption with the commencement of the Future Northants programme, the pandemic and the forthcoming work required of the age discrimination remedy (McCloud).

A competitive procurement process will need to be undertaken using the National LGPS Framework at least 18 months in advance of the end of the existing contract (September 2024) to ensure that there is sufficient time to complete a successful migration of data if a new supplier is procured.

4.4.2 Key milestones:

Key Milestones	Dates	On target for completion?
Obtain and complete National LGPS Framework documents	September 2022	On target
Commence procurement process	1 April 2023	On target
Award contract to successful supplier	1 October 2023	On target
Start date of contract	1 October 2024	On target

4.4.3 Update: This activity will continue into the Business Plan for 2022/23.

4.5 Undertake administrative actions in connection with the Local Government Reorganisation in Northamptonshire

4.5.1 Background: With effect from 1 April 2021 West Northamptonshire Council (WNC) and North Northamptonshire Council replace the existing eight local authorities in Northamptonshire, with WNC becoming the administering authority for the Northamptonshire Pension Fund. Approximately 7,700 scheme members are impacted by this change. The material administrative actions required in connection with this change will be monitored and reported under this business plan activity.

4.5.2 Key milestones:

Key Milestones	Dates	On target for completion?
Update scheme member records by automatic aggregation to reflect each member's new unitary employer.	April to June 2021	Completed
Disaggregate records and issue benefit awards where scheme members so elect (monitor volumes).	April 2021 to March 2022	On target
Process early leaver and redundancy awards arising from service reviews (monitor volumes).	April 2021 to March 2023	On target
Provide member estimates as required as each service review takes place (monitor volumes).	April 2021 to March 2023	On target

4.5.3 Update: Work continues on the aggregation of benefits, there has been no increase in the amount of work received arising from this activity and therefore no additional impact on service delivery.

4.6 Review Business Continuity Plan

4.6.1 Background: The Business Continuity Plan (BCP) covering the Fund's governance and administration will need to be reviewed following the creation of WNC (the administering authority) on 1 April 2021 to ensure the arrangements previously in place remain to support the delivery of the Pensions Service. In addition, it is now business as usual to ensure that the Fund's external suppliers, such as those that provide and host the pensions administration and payroll platform, regularly supply detailed confirmation that they have satisfactorily carried out disaster recovery and penetration testing.

4.6.2 Key milestones:

Key Milestones	Dates	On target for completion?
Draft revised BCP utilising new Lead Authority (West Northamptonshire Council) BCP template	By October 2021 and rescheduled to November 2021	Completed.
Scrutiny of business continuity arrangements by the Local Pension Board	January 2022 rescheduled from November 2021	Completed
Update the Pension Committee on business continuity arrangements.	March 2022 rescheduled from December 2021	Rescheduled to March 2022.

4.6.3 Update: The Pension Committee was updated on the plan in March 2022 following review from the Pension Fund Board in January 2022. The plan is now ready for when WNC request sight of it for inclusion with the wider WNC corporate plan.

4.7 Develop the Fund’s cyber-resilience strategy

4.7.1 Background: The Pensions Regulator and other industry bodies have expressed the concern that pension funds are not taking sufficient positive action to prevent themselves (including scheme members) from being victims of cyber-crime. In particular, the Regulator is concerned that LGPS Funds are relying too much on their respective administering authorities to put appropriate measures in place to protect Fund assets and data.

4.7.2 Work was undertaken in 2020/21 to assess the Fund’s level of Cyber-Resilience through a survey conducted by a specialist cyber resilience team at Aon, the Fund’s governance advisers. The survey results highlighted a number of activities to be undertaken to demonstrate improved resilience which will be undertaken during the course of 2021/22.

4.7.3 Key milestones:

Key Milestones	Dates	On target for completion?
Develop a cyber-resilience strategy and action plan.	April to June 2021	Completed
Undertake mapping of data and asset flows.	April to June 2021	Completed
Submit survey to higher risk suppliers to ascertain their approach to cyber-resilience. Aon’s specialist cyber-resilience team to analyse survey responses and provide feedback.	April to June 2021	Completed
Local Pension Board to provide scrutiny of cyber-resilience strategy and action plan.	July 2021	Completed
Pension Committee to approve cyber-resilience strategy, incident response plan and action plan.	October 2021	Completed (incident response plan scheduled for completion during 2022/23).

4.7.4 Update: A detailed update on the progress made towards the Fund’s cyber resilience action plan can be found in a separate agenda item to be presented at this meeting.

4.8 Obtain the Pension Administration Standards Association (PASA) accreditation

4.8.1 Background: Obtaining the PASA accreditation will demonstrate to the stakeholders of the Fund that quality operations are in place where the performance and capabilities of the administration and governance functions are in line with those of higher quality organisations providing pensions administration services. Once achieved the accreditation is granted for a three-year period subject to an annual certification process.

4.8.2 Key milestones:

Key Milestones	Dates	On target for completion?
Commence preparation and collation of assessment material.	April 2022	On target
Provide information to PASA for assessment.	March 2023	On target
Hold site visit and receive assessment results	2023/24	On target

4.8.3 Update: No planned activity scheduled for this reporting period.

4.9 Complete the Guaranteed Minimum Pension Rectification

4.9.1 Background: Following the end of contracting-out on 6 April 2016 it has been necessary for all pension schemes to reconcile their scheme members contracted out liability against that recorded by HMRC. The Fund outsourced the majority of the reconciliation and rectification exercise to ITM Limited. The reconciliation stage of this completed in 2019/20, however following the delay in HMRC issuing the final file of data, the rectification stage was not able to commence during 2020/21. It is now ready to commence in 2021/22 but with the same anticipated completion date as previously estimated.

4.9.2 Key milestones:

Key Milestones	Dates	On target for completion?
Produce project plan to rectify the member records that require amendments.	April 2021	Completed
Implement project plan.	June to December 2021	On target
Process amendments highlighted from GMP rectification analysis	January 2022 to March 2023	On target

4.9.3 Update: All active records that required updating due to HMRC providing a different GMP amount have been updated through an automated process. Members whose GMP pension element was already in payment will require a manual intervention to determine whether there has been an under or over payment. Members that have been underpaid will be paid any arrears due and their pension will be set to the correct level. Where a member has been overpaid, the pension will be amended to the correct rate and any overpayment due to an incorrect GMP value will be written off in line with the Fund’s Overpayment of Pension For

4.10 Prepare for the application of the McCloud age discrimination remedy

4.10.1 Background: As a result of the ruling in the McCloud it will be necessary for LGPS Funds to look at every scheme member who was in active membership of the scheme on 1 April 2012 to see if the impact of the remedy requires an amendment to the member’s accrued benefits.

4.10.2 MHCLG (now DLUHC) released a consultation in 2020/21 detailing proposed amendments to the LGPS regulations because of the remedy and a response to the consultation is still pending. It is understood that LGPS Funds will need to begin work on rectifying records in 2022/23 and in the meantime an exercise is required to collect data relevant to the accurate calculation of the remedy, namely, hour changes and breaks in membership, where this has not previously been provided by scheme employers.

4.10.3 Key milestones:

Key Milestones	Dates	On target for completion?
Issue data collection template to identified employers.	June 2021	Completed.
Work with employers to collect the data required.	Rescheduled to October to December 2021 (previously June to October 2021)	Ongoing – rescheduled to April 2022.
Make necessary amendments to member records for previously missing data.	June 2021 to March 2022	Ongoing – delay due to valuation work.
Send communications to members (upon release of amended LGPS Regulations).	Expected to be April 2022 (pending guidance from DLUHC).	Delayed pending release of amended regulations now expected summer 2022
Application of the revised underpin (following release of amended LGPS Regulations).	Expected to commence in 2022/23. DLUHC to provide guidance on this matter, including time period within which this work will be undertaken.	Delayed pending a further consultation. Remedy now expected to commence from autumn 2023.

4.10.4 Update: Work is continuing to collect and reviewing membership data from scheme employers. Uploading the amended scheme data from employers has been rescheduled to April 2022 to allow completion of data cleansing for the 2022 valuation.

4.11 Prepare for the 2022 Valuation of the Pension Fund

4.11.1 Background: Work with the Fund’s actuarial advisors to develop requirements and plan for the triennial valuation of the Pension Fund. The valuation date is 31 March 2022 with results to be published by 31 March 2023 and new employer contribution rates effective from 1 April 2023.

4.11.2 Key milestones:

Key Milestones	Dates	On target for completion?
Develop valuation plan with Fund Actuary	April to June 2021	Completed
Undertake pre-valuation activities	July 2021 to March 2022	Completed
Valuation of the Pension Fund	April 2022 to March 2023	On target
Triennial valuation results published	31 March 2023	On target
Implementation of revised employer contribution rates	April 2023 onwards	On target

4.11.3 Update: All pre-valuation activities required prior to 31 March are on track or have now been completed. A paper providing an update on the progress of valuation activities was presented to the Committee in March 2022, this included the Committee approving financial assumptions to be used for the valuation.

4.12 Processing of undecided leaver records

4.12.1 Background: The Fund has a number of unprocessed leaver records where a member has left a period of pensionable employment, is not entitled to immediate payment of pension benefits, but is entitled to either a refund of contributions, aggregation with another period of pensionable membership and/or a deferred pension award. The number of these cases has historically grown due to 1) scheme employers not notifying the Fund that members of the scheme have left their employment 2) scheme employers providing late monthly reporting and 3) the volume of employer data that has to be queried.

4.12.2 The Fund will treat a case as a backlog case if it is six months or more from the date of notification by the scheme employer. Cases within six months of notification will be identified as business as usual cases. Statutory disclosure requirements are completed immediately on notification of an exit by the scheme employer.

4.12.3 Key milestones:

Key Milestones	Dates	On target for completion?
Baseline volumes and develop action plan	April to June 2021	Completed
Process cases in accordance with action plan	Throughout 2021/2022	Outstanding cases will be processed in line with 2022/23 action plan.
Process cases in accordance with action plan	2022/2023	On target

4.12.4 Update: Undecided leaver records are being processed monthly by the Projects and Operations Team in line with the action plan set out. The volume of incomplete cases 6 months or older has increased to 8,551 at the end of December from the original baseline of 7,986. The teams are now using additional reporting methods to ensure that the cases can be allocated and worked on as quickly, and efficiently, as possible, as well as improved reconciliation checks identifying cases ready for processing. Additional resource has also been added to the Projects and Operations Team dealing with this activity in readiness for the 2022-23 scheme year.

4.13 Scope and conduct potential liability reduction exercise

4.13.1 Background: The Fund has an increasing number of records belonging to members that are due a refund of pension contributions (due to having insufficient membership within the LGPS to be awarded a pension entitlement and with the member not having claimed a refund) and also a large number of pensions in payment of a very low value that could be fully commuted into a one-off payment, extinguishing the Fund from any future liability.

4.13.2 It has become increasingly common for pension schemes to look at ways of reducing the number of such records, communicating with these members in order to assess their eligibility and desire to receive payment of the refund or fully commute their benefits.

4.13.3 Key milestones:

Key Milestones	Dates	On target for completion?
Conduct exercise (to review and offer refund options to members).	April 2021 to March 2022	Postponed with effect from October 2021 to focus resources on the processing of undecided leavers.
Scope exercise, formulate project plan and conduct exercise (small commutable pensions).	April 2022 to March 2023	Postponed with effect from October 2021 to focus resources on the processing of undecided leavers.

4.13.4 Update: No update due to reprioritisation of this activity.

4.14 Undertake a review of the Fund’s Additional Voluntary Contributions (AVC) providers.

4.14.1 Background: At the October 2019 meeting of the Pension Committee a review of the Fund’s two AVC providers was presented with a recommendation that Standard Life be closed to currently contributing members. The recommendation was accepted, which would leave Prudential as the only remaining AVC provider that active members of the scheme could pay additional contributions to. Members paying AVCs to Standard Life would have the option to switch payment of their additional contributions to Prudential and would be able to leave their accumulated funds with Standard Life until such times as they need to utilise them or transfer them to Prudential also.

4.14.2 Standard Life has remained an active provider within the Fund due to the impact of the pandemic. However, over the last year LGPS Funds across the country have collectively become concerned about the administrative performance of Prudential, citing cases of not allocating contributions to members' accounts in a reasonable time period and the disinvestment of funds from members' accounts taking several months to complete. As a result, Officers need to undertake a further review of Prudential and Standard Life's administrative performance to ensure the decision made in October 2019 remains in the best interest of scheme members. The Fund's governance advisors, Aon have been commissioned to undertake this review.

4.14.3 Key milestones:

Key Milestones	Dates	On target for completion?
Aon to undertake the review	January 2022 rescheduled from 1 April 2021	The review is now underway
Officers to consider outcome of review	May 2021	When report becomes available (estimated June 2022)
Present findings of review to Pension Committee	July 2021	When report becomes available (estimated July 2022)
Plan and undertake the required actions as a result of the review (as approved by Pension Committee)	August 2021 (onwards)	When report becomes available (estimated July 2022 – August 2022)

4.14.4 Update: The review is in progress and the Pension Committee and Local Pension Board will be presented with the findings as soon as the information is available.

4.15 Implement multiple investment strategies

4.15.1 Background: With an increasing number and variety of scheme employer participating in the Fund it is prudent to consider whether greater flexibility is required to meet the different funding requirements of these scheme employers, who may have different investment risk appetites and whose scheme membership may have vastly differing levels of maturity. This project will look to create a small number of "investment buckets" into which different categories of scheme employer could be allocated. This activity builds on the investigatory and scoping work carried out in 2020/21.

4.15.2 Key milestones:

Key Milestones	Dates	On target for completion?
Consider impact modelling by Fund Actuary.	April 2021 to May 2021	Completed
Pension Committee to decide whether to proceed.	Rescheduled to 11 October Committee (formerly July 2021)	Completed
Devise and implement action plan.	August 2021 to September 2022	Not applicable

4.15.3 Update: Completed - no further action following the decision not to proceed at the previous meeting.

4.16 Conduct specific employer covenant monitoring

4.16.1 Background: Officers are working with the Fund Actuary and Price Waterhouse Cooper (PWC) to carry out covenant assessments of those employers considered to present the greatest financial risk to the Fund. This activity will involve engaging with the relevant employers to explain the process and collect information to allow PWC to carry out a covenant assessment and for the Actuary and PWC to advise on the results and appropriate actions to be taken.

4.16.2 Key milestones:

Key Milestones	Dates	On target for completion?
Issue and collect covenant monitoring questionnaire to relevant employers	April 2021 to June 2021	Completed
Issue collated responses to PWC for analysis	July 2021 to August 2021	Completed
Discuss results and next steps with the Actuary and PWC	September 2021 to October 2021	Completed
Incorporate results of covenant monitoring into 2022 valuation planning	November 2021 to March 2022	Completed

4.16.3 Update: Completed - results of the employer covenant analysis have been reviewed and scheme employers have been contacted regarding their results. Some employers have been invited for further conversations to help officers understand the reasons behind the results and/or to obtain assurance over the strength of their covenant ahead of the valuation. The position following these further discussions will be incorporated into the triennial valuation process.

4.17 Continue development of the asset pool

4.17.1 Background: The ACCESS asset pool development is a long-term project. 2021/22 will see the Fund's final liquid assets transfer into the pool as the remaining tranches of sub-funds are established in the asset pool. In parallel, ACCESS is developing a pool level solution for investing in illiquid assets. The Fund has additional sub-fund requirements not yet part of the ACCESS launch plan. Engagement with ACCESS partners is required to promote these requirements, including around Responsible Investment, in order to achieve timely inclusion.

4.17.2 Dates for completion are dependent upon the approval of the Joint Committee for creating the necessary sub-funds, FCA approval and resolution of other limiting factors. The dates reflect the targets for submission of business cases for the respective sub-funds to the asset pool.

4.17.3 Key milestones:

Key Milestones	Dates	On target for completion?
Liquid Assets – implement tranches as they arise.	2021/22 to 2022/23	On target
Illiquid Assets – Continue to support the illiquid assets pooling solution.	2021/22 to 2022/23	On target
Promote the Fund’s requirements.	2021/22 to 2022/23	On target

4.17.4 Update: The Fund, along with 4 other authorities, transferred its existing investment in the M&G Alpha Opportunities Fund into a new ACCESS sub-fund on 1 December 2021.

4.17.5 Illiquid assets- An introductory meeting between MJ Hudson and the Fund’s Officers has taken place to discuss initial data supplied on the Fund’s pension investments. On the 4 February 2022, MJ Hudson presented to the ACCESS Non-Listed Sub-Group (NLSG) their preliminary thoughts on the order of asset class procurement for the pooled illiquid Investment solution. On the 7 March 2022, the Joint Committee were provided with an introductory update and outline of MJ Hudson’s initial engagement with Authorities. Real Estate (property) was approved as the first asset class to be progressed while further information is gathered and assessed on other asset classes in order to determine ACCESS’s next steps for pooling illiquid assets.

4.14.6 Promoting the Fund’s requirements- On 7 March 2022 the Joint Committee gave approval for the Fund’s request to create a new sub-fund for Multi Asset Credit with BlueBay to be submitted to Link for consideration.

4.18 Review the Fund’s Responsible Investment Policy

4.18.1 Background: This continues the work undertaken in 2020/21 to revise the Fund’s Responsible Investment (RI) Policy for incorporation in the Investment Strategy Statement (ISS). The revised ISS will be issued for consultation during Q1 2021/22 and feedback considered by the Pension Committee before final approval.

4.18.2 The Fund will also work with its advisers, partner ACCESS funds and Link to develop a governance and reporting framework to monitor compliance with the Fund’s RI Policy.

4.18.3 Key milestones:

Key Milestones	Dates	On target for completion
Commence 30 day consultation with Fund stakeholders on the revised Investment Strategy Statement	April to June 2021	Completed
Pension Committee approval of revised ISS	December 2021 (formerly October 2021)	Completed

4.18.4 Update: Completed - The ISS was approved at the December meeting and published on the Fund’s web pages on 17 December 2021. A new web page on Responsible Investment has been created for members and will be periodically updated with the Fund’s progress on Responsible Investment activities.

4.19 Review the Property Strategy

4.19.1 Background: The Fund’s Property investments comprise a multi manager mandate managed by CBRE and residential investments in the Private Rented Sector and Shared Ownership property funds managed by M&G, which mainly comprise UK based assets. A periodic review of these mandates will be undertaken, considering the underlying investment funds and their performance with a focus on the appropriateness of the allocations both geographically and by sector and the relevance of the performance benchmarks and targets. This review will include consideration of possible enhancements to the property strategy, especially considering the expected benefits falling out of the pooling agenda.

4.19.2 The output of the review will be used to inform the Fund’s requirements from the ACCESS illiquid asset programme, the implementation of which will be dependent upon the path to migrate to the ACCESS solutions.

4.19.3 Key milestones:

Key Milestones	Dates	On target for completion?
Commence the review	October 2021	Completed
Complete the review and submit report to the Investment Sub Committee	September 2022 (formerly February 2022)	On target – revised date due to re-prioritisation of Responsible Investment commitments.
If a change to Strategic Allocation, approval by Pension Committee	October 2022 (formerly March 2022)	On target– revised date due to re-prioritisation of Responsible Investment commitments.
Communicate the Fund’s requirements to the ACCESS pool	November 2022 (formerly April 2022)	On target – revised date due to re-prioritisation of Responsible Investment commitments.

4.19.4 Update: Officers have reviewed the scope for the property investment review with the Independent Adviser and Mercer, however following discussion with the Chair of the Pension Fund Committee, this work has been re-prioritised due to the increasing commitment regarding the Responsible Investment workstream.

4.20 Review of Performance Reporting and Benchmarks

4.20.1 Background: This review will focus on the efficient measurement of the Fund’s wide-ranging investment mandates to appropriately gauge that those mandates are delivering expected levels of return and, indeed, meeting the strategic investment needs of the Fund. The existing performance reports are comprehensive and complex, however, there is concern that they contain inappropriate benchmark comparisons and complicate effective decision-making. Wider considerations such as delivery of responsible investment requirements further impact this subject.

4.20.2 The sources of information for performance reporting reflect the wide-ranging number of mandates the Fund has and the quality and timeliness of information available from those sources.

4.20.3 This review will evaluate the strengths and weaknesses of the current report and explore options to improve the quality and clarity of reporting.

4.20.4 The key participants will be Officers, the Fund’s consultant and Independent Adviser utilising other third parties as required, with a report on the outcome presented to Investment Sub Committee members.

4.20.5 Key milestones:

Key Milestones	Dates	On target for completion?
Commence the review	April 2021	Completed
Report to the Investment Sub-Committee	November 2021	Completed
Implement revised reporting	March 2022	Completed

4.20.6 Completed - a revised reporting template was used for the September 2021 quarterly performance report and presented at the November ISC. Future publications will take into account feedback from ISC members as and when necessary.

5. Additional key activities for 2021/22

5.1 Review contract for specialist pensions legal services

5.1.1 Background: The existing contract for specialist pensions legal services, as currently held by Squire Patton Boggs, is due to expire on 4 February 2023 with the option to extend for a further 12 months. Consideration will need to be given as to whether to extend this contract or extend for a further 12 months. The procurement will be on a joint basis with the Cambridgeshire Pension Fund using the National LGPS Frameworks.

5.1.2 Key milestones:

Key Milestones	Dates	On target for completion?
Decision whether to procure or extend each contract	February 2022	Decision at March 2022 Committee

5.1.3 Update: Officers reviewed the service that is received from the current supplier of specialist legal services that is due to end on 4 February 2023 and recommended to the Pension Committee that the contract be extended for the maximum time period available under the terms and conditions of a further 12 months. The Committee agreed the request in March 2022 and the contract will now cease on 4 February 2024 with a re-tendering exercise required at least 6 months in advance of this date.

5.2 Review the Pension Regulator’s revised Code of Practice

5.2.1 Background: In March 2021 the Pensions Regulator launched a consultation on its revised code of practice. The code of practice sets out how the Pensions Regulator expects LGPS Pension Committee Members, Board Members, Section 151 Officers and administrators to administer, govern and manage their pension schemes. The revised code consolidates (with updates and amendments) most of the existing 15 codes of practice providing a single up to date and consistent source of information. The revised code is expected to come into force in November 2021 from which point pension schemes have six months to demonstrate full compliance with the code.

5.2.2 Key milestones:

Key Milestones	Dates	On target for completion?
Identify revisions to the code of practice that require changes to processes, policies and strategies and produce an action plan to achieve compliance with the new requirements within six months	November/December 2021	Rescheduled to 2022/23.
Present action plan to the Pension Fund Board	January 2022	Rescheduled to 2022/23.
Present progress against the action plan to the Pension Fund Board and Pension Committee	June/July 2022	2022/23

5.2.3 Update: Rescheduled to 2022/23 due to the delay with the code of practice being released.

6. Issues and Choices

6.1 This report is for noting only as the Pension Committee approved the Business Plan and Medium Term Strategy 2021/22 on 26 March 2021.

7 Implications (including financial implications)

7.1 Resources and Financial

7.1.1 The financial estimates and associated budgets included with the Business Plan and Medium Term Strategy were approved by the Pension Committee on 26 March 2021.

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

7.2 Legal

7.2.1 There are no legal implications arising from the proposals.

7.3 Risk

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

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

7.3.1 Please see the full [Northamptonshire Risk Register](#)

7.4 Relevant Pension Fund Objectives

7.4.1 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 continually monitor and measure clearly articulated objectives through business planning.
- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

7.5 Consultation

7.5.1 Not applicable.

8. Background Papers

8.1 [Northamptonshire Business Plan](#)

Appendix A – Key activities for the year

Activity	Area	Period	On target
Retender for strategic investment advisory services	Procurement of services	April 2021 to 31 March 2022	Completed
Re-tender for global custody services	Procurement of services	December 2020 to September 2021	Completed
Review contracts for actuarial, benefits and governance consultancy services	Procurement of services	June 2021	Completed
Retender for pensions administration and pensioner payroll platform	Procurement of services	September 2022 to October 2024	Yes
New: Review contract for specialist pensions legal services	Procurement of services	February 2022 to March 2022	Extension to services proposed.
Undertake administrative actions in connection with the Local Government Reorganisation in Northamptonshire	Core services and governance activities	April 2021 to March 2023	2021/22 activities completed. 2022/23 activities transferred to next year's Business Plan
Review Business Continuity Plan	Core services and governance activities	October 2021 to December 2021	Completed
Develop the Fund's cyber-resilience strategy	Core services and governance activities	April 2021 to October 2021	Completed
Obtain the Pensions Administration Standards Association (PASA) accreditation	Core services and governance activities	April 2022 to 2023/24	Activity not being considered at this time due to other commitments
New: Review the Pension Regulator's revised Code of Practice	Core services and governance activities	November 2021 to July 2022	Transferred to 2022/23 Business Plan
Complete the Guaranteed Minimum Pension Rectification	Scheme member data projects	April 2021 to December 2021	2021/22 activities completed. 2022/23 activities transferred to next years Business Plan.
Prepare for the application of the McCloud age discrimination remedy	Scheme member data projects	June 2021 to 2022/23	Outstanding activities transferred to 2022/23 Business Plan
Prepare for the 2022 Valuation of the Pension Fund	Scheme member data projects	April 2021 to April 2023 onwards	2021/22 activities completed. 2022/23 activities transferred to next year's Business Plan

Processing of undecided leaver records	Scheme member data projects	April 2021 to 2022/23	Outstanding cases and 2022/23 activities transferred to next year's Business Plan
Scope and conduct potential liability reduction exercises	Scheme member data projects	April 2021 to March 2023	Transferred to 2022/23
Undertake a review of the Fund's Additional Voluntary Contributions (AVC) providers.	Scheme member data projects	April 2021 to August 2021 onwards	Transferred to 2022/23
Implement multiple investment strategies	Scheme employer projects	April 2021 to September 2022	Completed.
Conduct specific employer covenant monitoring	Scheme employer projects	April 2021 to March 2022	Completed
Continue development of the asset pool	Investment related activities	2021/2022 to 2022/23	2021/22 activities completed. 2022/23 activities transferred to next year's Business Plan
Review the Fund's Responsible Investment Policy	Investment related activities	April 2021 to October 2021	Completed
Review the Property Strategy	Investment related activities	October 2021 to April 2022	Transferred to 2022/23 Business Plan.
Review of Performance Reporting and Benchmarks	Investment related activities	April 2021 to March 2022	Completed

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

Fund Account	2021/22 Estimate	2021/22 Forecast	Variance	Comments
	£000	£000	£000	
Contributions	(107,000)	(117,000)	(10,000)	Contributions in line with current membership numbers
Transfers in from other pension funds	(7,000)	(13,000)	(6,000)	Demand led
Total income	(114,000)	(130,000)	(16,000)	
Benefits payable	100,000	106,000	6,000	Benefits in line with current membership numbers.
Payments to and on account of leavers	7,000	11,000	4,000	Demand led
Total Payments	107,000	117,000	10,000	
Net (additions)/withdrawals from dealings with members	(7,000)	(13,000)	(6,000)	
Management Expenses	3,367	3,318	(49)	See below
Total income less expenditure	(3,633)	(9,682)	(6,049)	
Investment income	(35,000)	(24,000)	11,000	Actual income received to December 2021 plus estimated final quarter February 2022 actuals
Taxes on income	-	-	-	
(profit) and losses on disposal of investments and changes in the market value of investments	(117,000)	(150,000)	(33,000)	
Net return on investments	(152,000)	(174,000)	(22,000)	
Net (increase)/decrease in the net assets available for benefits during the year	(155,633)	(183,682)	(28,049)	

Management Expenses	2021-22 Estimate	2021-22 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	2,247	2,251	4	See below
Total Governance Expenses	675	633	(42)	ACCESS and consultancy forecasts lower than expected
Total Investment Invoiced Expenses	445	434	(11)	
Total Management Expenses	3,367	3,318	(49)	

Administration Expenses Analysis	2021-22 Estimate	2021-22 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	1,461	1,448	(13)	Vacancy factor higher than forecast
Altair administration and payroll system	299	319	20	Altair insights addendum
Data projects	46	44	(2)	
Communications	21	22	1	
Other Non-Pay and Income	15	13	(2)	
County Council Overhead Recovery	405	405	-	
Total Administration Expenses	2,247	2,251	4	



West Northamptonshire Council

Local Pension Board

28/4/2022

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund - Business Plan and Medium Strategy 2022/23
Report Author	Jo Kent, Governance and Regulations Manager Joanne.kent@westnorthants.gov.uk

Contributors/Checkers/Approvers

Head of Pensions	Mark Whitby	4 April 2022
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List of Appendices

Appendix A – Northamptonshire Pension Fund Business Plan and Medium Term Strategy 2022/23

1. Purpose of Report

- 1.1. To present to the Pension Board the Northamptonshire Pension Fund Business Plan and Medium Term Strategy 2022/23.

2. Executive Summary

- 2.1 The Northamptonshire Pension Fund have for many years considered it good governance to have in place a Business Plan and Medium Term Strategy that is reviewed on an annual basis for the start of the next financial year. The Pension Committee approved the Business Plan and Medium Term Strategy 2022/23 on 30 March 2022.

3. Recommendations

- 3.1 The Pension Board is asked to note the contents of the Business Plan and Medium Term Strategy 2022/23 approved by the Committee in March 2022.

4. Report Background

- 4.1 It is considered good governance for the Northamptonshire Pension Fund to adopt a Business Plan and Medium-Term Strategy that:

- Sets out the objectives of the administering authority with regards to the management of the Fund;

- Documents the priorities and improvements to be implemented during the next three years to help achieve those objectives;
- Enables progress and performance to be monitored in relation to those priorities; and
- Provides a clear vision for the next three years.

4.2 The Business Plan and Medium-Term Strategy for the Northamptonshire Pension Fund for the period 2022/23 to 2024/25 is in Appendix A.

5. Issues and Choices

5.1 The Business Plan and Medium-Term Strategy concentrates on activities that are not considered business as usual, identifying key milestones and budget requirements. It is split into the following core areas:

- Procurement of services
- Core governance activities
- Scheme member and data projects
- Scheme employer projects
- Investment related activities
- Communications

5.2 Progress made against the Business Plan will continue to be reported to the Board at each meeting via the Business Plan Update report or other relevant report (where appropriate). Where progress against the Business Plan has fallen behind schedule further detail will be provided.

5.3 Estimated costs for the activities in appendix A have been detailed alongside the activity and are included within the financial forecasting for the relevant years. Where further costs become known during the course of the new financial year these will be notified to the Board via the Business Plan Update report.

6. Implications (including financial implications)

6.1 Resources and Financial

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

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

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 -

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

6.5 **Consultation**

6.5.1 Not applicable.

7. **Background Papers**

7.1 Not applicable

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Business Plan and Medium Term Strategy

2022/23 to 2024/25

Introduction

This is the business plan for the Northamptonshire Pension Fund which is managed and administered by West Northamptonshire Council. The business plan details the priorities and areas of key focus in relation to the Northamptonshire Pension Fund for 2022/23, 2023/24 and 2024/25. The business plan was approved at the Pension Committee meeting on 30 March 2022. The business plan is monitored throughout the year and the Pension Committee may be asked to agree changes to it.

The purpose of the business plan is to:

- Explain the background and objectives of West Northamptonshire Council in respect of the management of the Northamptonshire Pension Fund;
- Document the priorities and improvements to be implemented during the next three years to help achieve those objectives;
- Enable progress and performance to be monitored in relation to those priorities; and
- Provide a clear vision for the next three years.

In addition, the business plan includes a budget for expected payments to and from the Northamptonshire Pension Fund during 2022/23 including the resources required to manage the Fund.

Further information

If you require further information about anything included or related to this business plan please contact:

Mark Whitby, Head of Pensions
mark.whitby@westnorthants.gov.uk
07990 556197

Background to the Northamptonshire Pension Fund

The Northamptonshire Pension Fund is a £3.452bn* Local Government Pension Fund which provides retirement and death benefits for local government employees (other than teachers) in Northamptonshire and employees of other qualifying bodies which provide similar services.

The Fund's total membership* is approximately 81,700 of which 22,700 are active members from over 300* individual contributing employers and approximately 59,000 retired, survivor, deferred and other members.

**As at 31 December 2021*

Governance and management of the Fund

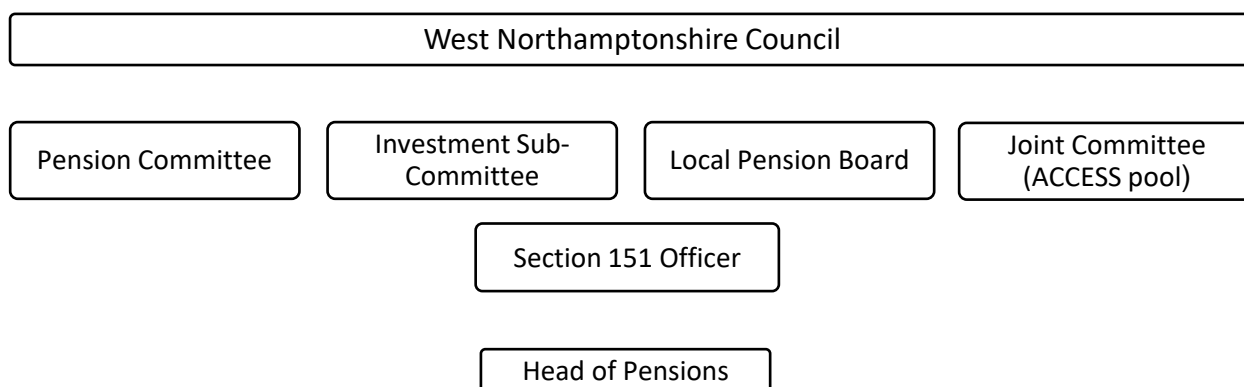
The key decision-making and management of the Fund has been delegated by West Northamptonshire Council (the administering authority) to a formal Pension Committee, supported by an Investment Sub-Committee that looks at the operational governance of investment issues.

West Northamptonshire Council's Section 151 Officer has a statutory responsibility for the proper financial affairs of the Council including Pension Fund matters.

Eleven authorities, including West Northamptonshire Council, are working collaboratively to meet the Government's asset pooling agenda by forming the ACCESS pool. A Joint Committee with representation from each Fund has been formed to oversee the governance of the pool.

A Local Pension Board is in place to assist in securing compliance of Fund matters and ensuring the efficient and effective governance and administration of the Fund.

The governance structure is detailed below:



Administration of the Fund

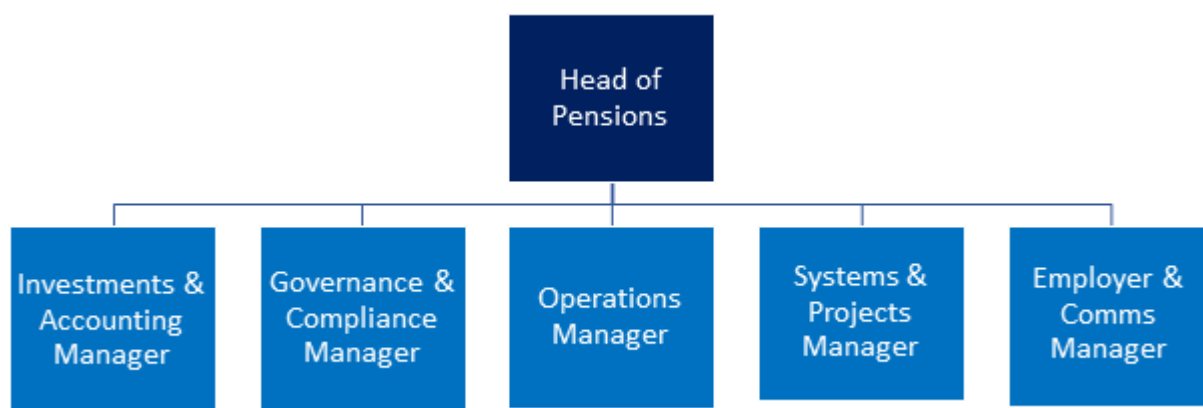
The Cambridgeshire and Northamptonshire Pension Funds are administered under a lead authority model with the lead authority being West Northamptonshire Council working in partnership with Cambridgeshire County Council. The Funds remain two distinct entities.

Management and administration of both Funds is based at One Angel Square in Northampton. The Funds have benefited from cost savings through the ability to procure services such as custodian, actuarial, benefits, governance and investment consultancy on a joint basis as well as streamlining the provision of the administration functions.

The day-to-day operations of the Fund are managed by the Head of Pensions who is supported by five teams:

- The Governance and Compliance Team is responsible for managing agendas, producing reports and delivering training to the Pension Committee and Local Pension Board. In addition, the team takes the lead in the development of strategic policies relating to the operation, governance and management of the Fund and monitors compliance and provides quality assurance with prevailing LGPS specific and overriding legislation. The team specialises in information governance and pension taxation.
- The Investments and Fund Accounting Team liaises with the ACCESS asset pool and provides governance over the Fund's investments whether held directly or by the ACCESS pool, reporting to the Investment Sub-Committee and other Committees as required. The team also provides the financial control function to the Fund, managing and accounting for the receipt of contributions from employers, processing the Fund's financial transactions and overseeing the production and audit of the Annual Report and Statement of Accounts.
- The Operations Team is responsible for providing the full range of casework administration. The team delivers a service that includes the calculation of retirement, deferred, death and survivor benefits, transfers in and out, refunds and member record maintenance.
- The Systems & Projects Team is responsible for deliver a wide range of projects that are required to be delivered across the service. The current projects that are being delivered are GMP rectification, overseas proof of existence checks on pensions in payment, data quality improvements, preparations for the McCloud remedy and targeted areas of casework classified as backlog. The team is also responsible for maintaining the pension administration, payroll, employer and member self-service systems, reconciling membership data received from employers and the production of annual benefit statements.
- The Employer Services and Communications Team is responsible for facilitating the entry and exit of employers to and from the Fund. The team also acts as employer liaison, providing end to end support to employers throughout their life cycle in the Fund, including day to day assistance and training to ensure employers are aware of and able to carry out their responsibilities. The team also manages the internal and external escalation process, the triennial actuarial valuation process and managing employer risk. Scheme member and employer communications form a significant part of the team's function which ranges from the design and management of the Fund's website, presentations, workshops, newsletters and written communications.

The structure of the Pensions Service which provides administration services to both the Cambridgeshire Pension Fund and the Northamptonshire Pension Fund, as at 31 March 2022 is illustrated below in simplified form:



The current full time equivalent of staffing is 80.36. The full Pensions Service structure is at Appendix A.

Objectives for the management of the Fund

The Fund's agreed objectives are detailed as follows;

- To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies, and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
- To continually monitor and measure clearly articulated objectives through business planning.
- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- To ensure regular monitoring of employer covenants, putting in place mitigations of adequate strength to protect the Fund.
- To ensure appropriate exit strategies are put in place both in the lead up to and termination of a scheme employer.
- To put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary.
- To ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer.
- To administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.
- To maintain accurate records and ensure data is protected and used for authorised purposes only.
- To promote the scheme as a valuable benefit.
- To deliver consistent plain English communications to stakeholders.

- 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.
- To ensure cash flows in to and out of the Fund are timely and of the correct amount.
- To ensure the long-term solvency of the Fund, taking a prudent long-term view, so that sufficient funds are available to meet all members’/dependants’ benefits as they fall due for payment.
- To put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy.
- To maximise investment returns over the long term within agreed risk tolerances.
- To ensure an appropriate cash management strategy is in place so that net cash outgoings can be met as and when required.
- To invest sustainably to achieve better long-term outcomes for the Fund and its stakeholders by ensuring environmental, social and governance factors are taken account of across all investment decision making.

Business as usual

The appendix to the business plan highlights the key priorities for the next three years and focuses on areas of change and projects which are in addition to day to day “business as usual” duties. On a day-to-day basis the focus is on the following key elements of Fund management:

- Paying pension benefits to beneficiaries as prescribed by the LGPS Regulations.
- Ensuring employers provide monthly membership data by the required deadline.
- Communicating with scheme members about their membership of the Fund.
- Ensuring all pension contributions that are paid by active members are received as prescribed by the LGPS.
- Ensuring all employers pay their pension contributions.
- Safeguarding the money in the Fund (the Fund’s assets).
- Investing any Fund assets that are in excess of those needed to pay immediate benefits.
- Working with the Scheme Actuary to ensure that the amount employers pay into the Fund is sufficient to pay future pension benefits.

Managing this on a day-to-day basis involves a wide range of processes and procedures designed around achieving the Fund’s objectives. The Fund is large, complex, and highly regulated. As such these processes and procedures require expert knowledge and experience as illustrated below.

Governance

- Setting the agenda, reporting, and presenting to the Pension Committee, Investment Sub-Committee and Local Pension Board.
- Implementing and monitoring areas such as the training, risk management, reporting breaches of the law and compliance with the Pensions Regulator’s code of practice and changing LGPS regulations and over-riding legislation.
- Ensuring adherence to the administering authority’s policies and legal requirements for procurement, cyber security, and data protection.
- Procurement of advisers and other services.
- Assisting internal and external auditors in their role.
- Responding to freedom of information requests.
- Participation in the Joint Committee of the ACCESS pool.

Accountancy

- Preparing and publishing the Fund's annual report.
- Completing the annual accounts and assisting with external auditors.
- Preparing the annual budget, monitoring, and reporting quarterly.
- Preparation of statutory and non-statutory returns as required.
- Conducting monthly bank reconciliations.
- Cash flow management.
- Monthly monitoring of income and expenditure including employer and scheme member contributions.
- Invoicing of employers for pensions strain and unfunded benefits.

Funding

- Agreeing the draft funding strategy with the Fund Actuary, for Committee approval, every three years, consulting with employers and monitoring continued appropriateness annually.
- Managing the triennial valuation alongside the Fund Actuary, providing membership and cash flow data, and appropriately communicating with scheme employers.
- Monitoring the covenant of scheme employers including their ability to pay contributions and managing those who wish to join or cease membership of the scheme.
- Managing the FRS/IAS reporting cycles alongside the Fund Actuary, based on employer specifications and appropriately communicating with Scheme Employers.

Investments

- Monitoring and reporting on the Fund's funding position.
- Carrying out a review of the investment strategy at appropriate intervals.
- Managing the Fund's assets through the asset pool arrangements or directly for non-pool aligned assets.
- Monthly monitoring and implementation of the tactical asset allocation decisions.
- Working with other LGPS Funds within ACCESS to ensure the pool meets the Fund's strategic investment requirements.

Administration

- Providing ongoing information to scheme members and their beneficiaries as they join, leave, or change status.
- Calculating and notifying scheme members of their entitlement to pension and death benefits.
- Providing quotations of retirement benefits including any additional costs to scheme employers.
- Providing information on how scheme members can increase their pension benefits.
- Maintaining accurate scheme member records.
- Providing an online scheme member and scheme employer self-service facility.
- Administering the internal dispute resolution procedure.

Payroll

- Calculating and paying monthly pensions to pensioners and beneficiaries.
- Issuing of payslips at appropriate times.
- Issuing P60s.
- Investigating returned payments and dealing with any under or overpayment of pensions.
- Updating and maintaining accuracy of pensioner member details.

Communication

- Providing annual benefit statements to all active and deferred scheme members.
- Providing all other statutory communications to members.
- Providing information to members via one-to-one sessions, workshops and newsletters.
- Maintaining the Fund's website.
- Providing new scheme employers with information about their responsibilities.
- Providing ongoing training and technical updates to employers.

Technical

- Maintaining and updating the pensions administration system.
- Ensuring presence, accuracy, and regular review of scheme member data in line with the expectations of the Pensions Regulator and to comply with the General Data Protection Regulations.
- Providing guidance on changes in processes following new or amending legislation.
- Monitoring and reporting on progress against key performance indicators and daily work management.
- Providing reports and extracts for GAD and other government departments.
- Reporting and making payments to HMRC.
- Processing bulk updates to member records such as new joiners and leavers, pensions increase and year-end or monthly contributions.

Challenges and influences over the next three years

The current environment is such that there is an unprecedented volume of external factors that could impact the management of the Fund:

- The continued impact of the pandemic on management, investment, and administration.
- The increased oversight by the Pensions Regulator and the issuance of the new singular code of practice where compliance must be achieved within 6 months.
- New and amending regulations affecting the Local Government Pension Scheme including the currently revoked £95k exit cap, the remedy resulting from the McCloud high court ruling and the paused national LGPS cost control review and several regulatory changes impacting on scheme employers.
- The requirement to rectify member contracted out data held by the scheme with that held by HMRC.
- The increasing number of scheme members affected by the government's pensions tax regime and reducing allowances on pension savings.
- The ongoing implementation of the government's requirements to pool LGPS pension fund assets with other Funds.
- Maintaining the skills and knowledge of officers and Committee and Board members to comply with the requirements of MIFIDII, CIPFA's new skills and knowledge framework and new statutory guidance stemming from the Scheme Advisory Board's Good Governance Review.
- The increasing number of scheme employers due to alternative provision models within the local government universe.
- Finding innovative and digital ways of working for the benefit of the Fund, the member and the scheme employer to achieve the Fund's strategies on administration, communication and employer engagement.
- The increasing scrutiny and transparency on data quality.
- To stay ahead of the increasingly sophisticated challenges presented by cyber-crime.
- Evidencing savings and improved investment governance arising from asset pooling.
- The risk of members being exposed to potential scams and the increasing requirements of the Fund to provide protection against this.
- The need to manage the climate risk within the Fund's investment portfolio as well as meet future statutory reporting requirements including those related to the Task Force on Climate-Related Financial Disclosures (TCFD).
- Implementation of Pension Dashboards.

These and other priorities for the next three years are articulated in more detail in the appendix to this business plan, split into six sections:

- Procurement of services
- Core governance activities
- Scheme member and data projects
- Scheme employer projects
- Investment related activities.
- Communications

Budget

All the costs associated with the management of the Fund are charged to the Fund and not West Northamptonshire Council. The following shows the expected income and expenditure (cash flow) of the Fund as well as the anticipated operating costs.

Cash flow projection 2021/22 to 2024/25

The following tables provide estimates of the Fund account, investment and administration income and expenditure for the next three years.

	2021/22 Estimate	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£000	£000	£000	£000	£000
Contributions ¹	(107,000)	(117,000)	(120,000)	(120,000)	(120,000)
Transfers in from other pension funds ²	(7,000)	(13,000)	(8,500)	(8,500)	(8,500)
TOTAL INCOME	(114,000)	(130,000)	(128,500)	(128,500)	(128,500)
Benefits payable	100,000	106,000	108,000	113,000	118,000
Payments to and on account of leavers ²	7,000	11,000	8,500	8,500	8,500
TOTAL PAYMENTS	107,000	117,000	116,500	121,500	126,500
Net (additions)/withdrawals from dealings with members	(7,000)	(13,000)	(12,000)	(7,000)	(2,000)
Management expenses	3,367	3,318	3,645	3,522	3,606
TOTAL INCOME LESS EXPENDITURE	(3,633)	(9,682)	(8,355)	(3,478)	1,606
Investment income	(35,000)	(24,000)	(26,000)	(27,000)	(28,000)
Taxes on income.	-	-	-	-	-
(profit) and losses on disposal of investments and changes in the market value of investments ³	(117,000)	(150,000)	(127,000)	(132,000)	(137,000)
NET RETURN ON INVESTMENTS	(152,000)	(174,000)	(153,000)	(159,000)	(165,000)
Net (increase)/decrease in net assets available for benefits during the year	(155,633)	(183,682)	(161,355)	(162,478)	(163,394)

Management Expenses

	2021/22 Estimate	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£000	£000	£000	£000	£000
Total administration expenses	2,247	2,251	2,331	2,339	2,404
Total governance expenses	675	633	834	684	684
Total investment expenses ⁴	445	434	480	499	518
TOTAL MANAGEMENT EXPENSES	3,367	3,318	3,645	3,522	3,606

Administration Expenses

	2021/22 Estimate	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£000	£000	£000	£000	£000
Staff related	1,461	1,448	1,458	1,487	1,517
Altair administration and payroll system	299	319	329	339	349
Data Assurance	46	44	45	16	16
Communications	21	22	39	14	14
Other non pay and income	15	13	15	16	17
County Council overhead recovery	405	405	445	467	491
TOTAL ADMINISTRATION EXPENSES	2,247	2,251	2,331	2,339	2,404

1Contributions and benefits are based upon underlying trends in membership and contribution rates, pensions in payment and expected increases. Employer contributions are subject to change due to the 2022 Valuation

2Future estimated transfers in and out have been based upon the average of individual transfers in and out of the scheme over the period 2016/17 to 2020/21.

3Return on Investments have been calculated by applying the actuarial assumption of investment growth +3.9% per annum.

4Investment Expenses estimates includes management fees for property funds. These will reduce once property has migrated into the asset pool, however timescales for property transitions are to be confirmed.

Delivering the business plan

Monitoring and reporting

To identify whether the agreed business plan is being met progress on the key priorities and budgets will be monitored by the Fund management team and reported to the Pension Committee and Local Pension Board at every meeting.

The updates will:

- Highlight any areas where the target is exceeded or where the target has not been achieved and the reasons why and identify any changes in response to the planned priorities because of this.
- Highlight any significant additional spend or underspend in relation to the agreed budget as it becomes apparent.

Risk Management

The Northamptonshire Pension Fund has embedded risk management into the governance of the Fund. The Pension Committee has approved a Risk Strategy and a detailed Risk Register is maintained and reviewed by the Local Pension Board at every meeting. Changes to the level of risk are reported to the Pension Committee at every other meeting, or more frequently if necessary.

The table below lists the Fund's highest rated risks as of February 2022. The full risk register can be found on the Fund's website: [Northamptonshire Pension Fund Risk Register](#)

Risk	Residual risk rating
Employers are unable to pay increased contribution rates.	Amber
Failure to respond to changes in economic conditions.	Amber
As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	Amber
Contributions to the Fund are not received on the correct dates and/or for the correct amount.	Amber
Fund assets are not sufficient to meet obligations and liabilities.	Amber

Key Activities

The key activities have been split into the following sections:

- Procurement of services
- Core governance activities
- Scheme member and data projects
- Scheme employer projects
- Investment related activities
- Communications

Procurement of Services

Activity	Background	Key Milestones	Resources required
Extend the existing contract and re-tender for actuarial consultancy services	<p>The Fund’s current supplier of actuarial services is Hymans Robertson. The initial contract period is due to end on 31 March 2023.</p> <p>It has been previously agreed by the Pension Committee to extend this contract by the maximum time period under the terms and conditions of the contract of 12 months to 31 March 2024.</p> <p>The National LGPS Frameworks will be used for the re-tender which will be undertaken on a joint basis with the Cambridgeshire Pension Fund.</p>	<p>Extend contract (January 2023)</p> <p>Register to access national LGPS Frameworks (August 2023)</p> <p>Draft specification of services required and associated documentation (August 2023 – September 2023)</p> <p>Issue invitation to tender to suppliers on the Framework (October 2023)</p> <p>Evaluate tender responses (November 2023 – December 2023)</p> <p>Award contract (January 2024)</p>	<p>Cost of subscription to framework £2,000.</p> <p>Legal fees £1,000.</p> <p>No additional staffing costs.</p> <p>All costs will be included within the governance budget.</p>
Extend the existing contract and re-tender for benefits and governance consultancy services	<p>The current supplier of benefits and governance consultancy services is Aon. The initial contract period is due to end on 31 March 2023.</p> <p>The Pension Committee have been asked to approve* an officer recommendation to extend this contract for a period of six months out of a possible 12 months that is allowable under the terms and conditions of the existing contract. The recommendation was made in recognition of the need to separate this re-tender from that of the actuarial services re-tender which had previously been undertaken together.</p>	<p>Extend contract (January 2023)</p> <p>Register to access national LGPS Frameworks (January 2023)</p> <p>Draft specification of services required and associated documentation (January 2023 – February 2023)</p> <p>Issue invitation to tender to suppliers on the Framework (March 2023)</p>	<p>Cost of subscription to framework £2,000.</p> <p>Legal fees £1,000.</p> <p>No additional staffing costs.</p> <p>All costs will be included within the governance and administration budget.</p>

	<p>The National LGPS Frameworks will be used for the re-tender which will be undertaken on a joint basis with the Cambridgeshire Pension Fund.</p> <p><i>*Should approval not be given to extend the contract the dates attached to each key milestone will move back 6 months.</i></p>	<p>Evaluate tender responses (May 2023 – June 2023)</p> <p>Award contract (July 2023).</p>	
<p>Extend existing contract and re-tender for legal services provider</p>	<p>The Fund’s current supplier of specialist pensions legal services is Squire Patton Boggs. The initial contact period is due to end on 4 February 2023.</p> <p>The Pension Committee have been asked to approve* an officer recommendation to extend this contract for the maximum period allowable under the contract of 12 months.</p> <p>Subject to the approval* of the Pension Committee, the current legal services contract will be extended to 4 February 2024.</p> <p>The National LGPS Frameworks will be used for the re-tender which will be undertaken on a joint basis with the Cambridgeshire Pension Fund.</p> <p><i>*Should approval not be given to extend the contract the dates attached to each key milestone will move back 6 months.</i></p>	<p>Extend existing contract (January 2023).</p> <p>Register to access national LGPS Frameworks (July 2023)</p> <p>Draft specification of services required an associated documentation (July 2023 – August 2023)</p> <p>Issue invitation to tender to suppliers on the Framework (September 2023)</p> <p>Evaluate tender responses (October 2023 - November 2023)</p> <p>Award contract (December 2023)</p>	<p>Cost of subscription to framework – no fee.</p> <p>Legal fees £1,000.</p> <p>No additional staffing costs.</p> <p>All costs are included within the governance budget.</p>

<p>Re-tender for pensions administration and pensioner payroll platform</p>	<p>The Fund currently uses Heywood’s Altair product as its pensions administration and payroll platform. The contract with Heywood was extended in September 2021 by a further three years to enable minimum disruption with the commencement of the Future Northants programme, the pandemic and the forthcoming work required of the age discrimination remedy (McCloud).</p> <p>The National LGPS Frameworks will be used for the re-tender which will be undertaken on a joint basis with the Cambridgeshire Pension Fund.</p> <p>The procurement process will commence at least 18 months in advance of the end of the existing contract (September 2024) to ensure that there is sufficient time to complete a successful migration of data if a new supplier is procured.</p>	<p>Soft market testing and discussions with other Funds (April 2022 – December 2022)</p> <p>Obtain and complete National LGPS Framework documents. (September 2022)</p> <p>Develop tender documents (January 2023 to March 2023)</p> <p>Undertake framework procurement (April 2023 – September 2023)</p> <p>Award contract to successful provider (October 2023)</p> <p>Business process re-engineering and systems development (if new supplier) (October 2023 to September 2024)</p> <p>Contract commences (October 2024)</p>	<p>Cost of subscription to framework £8,000. Legal fees £1,000. No additional staffing costs. All costs included within the administration budget for 2022/23.</p>
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Core governance activities

Activity	Background	Key Milestones	Resources required
<p>Continue to develop the Fund’s Cyber Strategy</p>	<p>During 2021/22 the Fund embarked on a programme of work to assess the extent of cyber risk that the Fund’s assets and data could potentially be exposed to. Several activities were undertaken such as the development of a cyber strategy and action plan to understand and</p>	<p>Ongoing monitoring and development of the cyber strategy and action plan evidenced by a separate agenda item at each meeting of the Pension</p>	<p>No additional staffing costs. Costs of activities within the action plan of an estimated £20,000 have been included within the governance budget for 2022/23.</p>

	mitigate where possible the Fund's exposure to cyber risk. Cyber-crime will continue to evolve and become increasingly sophisticated and as such the cyber strategy and action plan will need to be regularly reviewed and new activities added as time goes on.	Committee and Local Pension Board (2022/23).	
Review and implement changes required from the Pension Regulator's new Code of Practice	In March 2021 the Pensions Regulator launched a consultation on its revised code of practice for the pensions industry. The revised code of practice consolidates, updates, and amends the existing 15 codes of practice into one single consistent source of information. The responses to the consultation have taken the Pensions Regulator longer than expected to digest and as such the new code of practice is now expected to come into force summer 2022. Once the code of practice is in force, the Fund will have six months to achieve full compliance with its contents.	Develop an action plan of changes required on launch of code of practice (Summer 2022). Present action plan (Pension Committee - October 2022 and Local Pension Board – November 2022) Present update on progress on action plan (Local Pension Board – February 2023 and Pension Committee – March 2023).	No additional staffing costs. All costs included within the governance budget for 2022/23.
Review the administrative performance of the Fund's additional voluntary contribution providers	The Fund has two additional voluntary contribution (AVC) providers, Standard Life and Prudential. In October 2019 the Pension Committee were presented with an independent review of the Fund's AVC providers. It was decided that Standard Life be closed to new and current contributing members leaving Prudential as the only remaining provider able to receive contributions. The closure of Standard Life was delayed following the pandemic. The administrative performance of Prudential began to deteriorate in mid-2020 and so the decision to close Standard Life was delayed. In February 2022, Prudential's performance was still significantly impaired and as such, Aon have been commissioned to undertake a further review of both	Present to the Pension Committee the findings of the independent review alongside any recommendations for action (the timing of this will depend on the co-operation of the AVC providers in providing the necessary information for analysis by Aon (estimated July 2022)).	No additional staffing costs. All costs associated with this activity have been included within the governance budget.

	Standard Life and Prudential's administrative performance.		
Implement the best practice recommendations of the good governance review	<p>The Scheme Advisory Board (SAB) have been working on the good governance review for several years with the current objective to identify both the issues deriving from the current scheme arrangements and the potential benefits of increasing the level of separation between the host authority and the scheme manager role to avoid potential conflicts of interest.</p> <p>Following consultation with LGPS stakeholders, in February 2021, a number of recommendations for improvement were identified. Some would require the input of DLUHC to amend scheme regulations and publish statutory guidance, others by SAB and other for Funds to implement as best practice. There has recently been no further progress on any of the recommendations either by DLUHC or SAB. However, there are some best practice activities stemming from the recommendations that LGPS Funds can be preparing for in readiness.</p>	<p>Develop an action plan to implement the best practice activities (May 2022).</p> <p>Present action plan and Conflicts of Interest Policy (Pension Committee - June 2022 and Local Pension Board – July 2022)</p> <p>Present update on progress on action plan (Local Pension Board – February 2023 and Pension Committee – March 2023).</p> <p>Implementation of activities requiring SAB and DLUHC guidance (dates to be confirmed upon receipt of further information)</p>	No additional staffing costs. All costs included within the governance budget.

Scheme member and data projects

Activity	Background	Key Milestones	Resources required
Complete the Guaranteed Minimum Pension Rectification	Following the end of contracting-out on 6 April 2016 it has been necessary for all pension schemes to reconcile their scheme members contracted out liability against that recorded by HMRC. The reconciliation stage completed in 2019/20.	Manual rectification of outstanding records. (April 2022 –March 2023)	No additional staffing costs. All costs to be met through the existing staffing budget.

	<p>The rectification stage of this project commenced in 2021/22. All updates required for scheme member records for those below GMP pensionable age have been completed. Scheme members with a GMP element of their pension already in payment that require amending will be completed manually.</p> <p>Any underpayments due to an amended GMP will be rectified and arrears of pension paid. Where an overpayment of pension has occurred due to an amended GMP, the pension will be reduced to the correct level and the overpayment written off as per the Fund's Overpayment of Pension Policy.</p>		
<p>Application of the McCloud age discrimination remedy</p>	<p>The McCloud age discrimination remedy will remove the age discrimination that has been judged to have arisen in public sector schemes due to the age-related transitional protections that were introduced following the introduction of the CARE arrangements (in 2014 for the LGPS).</p> <p>The pension records of scheme members within scope of the McCloud ruling will be rectified following the implementation of the age discrimination remedy.</p> <p>Scheme employers are reviewing the data held by the Fund and advising of any amendments. Once all data has been returned it will be submitted to Heywood and uploaded to scheme member records.</p>	<p>Data sheets returned from scheme employers (February 2022 – April 2022)</p> <p>Data sheets checked by Fund (May 2022 – July 2022)</p> <p>Uploading of revised scheme member data (August 2022 – March 2023)</p> <p>Send communications to members (upon release of amended LGPS Regulations – expected to be Summer 2022)</p> <p>Application of the revised underpin following release of amended LGPS Regulations (October 2023 onwards)</p>	<p>Data upload costs have been included within the administration budget.</p> <p>No additional staffing costs. All costs to be met through the existing staffing budget.</p>

	Where non active member records are updated, benefits awarded and in payment will be reviewed in line with the remedy and national guidance.		
Processing of undecided leaver records	<p>The Fund has a number of unprocessed leaver records where a member has left a period of pensionable employment, is not entitled to immediate payment of pension benefits, but is entitled to either a refund of contributions, aggregation with another period of pensionable membership and/or a deferred pension award.</p> <p>A significant number of these records are in progress for a variety of reasons, including outstanding information or workflow. Any case which is older than 6 months since the point of notification is classed as a backlog and reported through this business plan activity.</p> <p>The intention is to reduce this backlog by 2,500 cases per year for the next 3 years from a baseline of approximately 8,551 cases.</p>	<p>Re-baseline project (April 2022)</p> <p>Reduce cases by 2,500 (April 2022 – March 2023)</p> <p>Reduce cases by a further 2,500 (April 2023 – March 2024)</p> <p>Reduce cases by a further 2,500 to a business as usual baseline (April 2024 – March 2025).</p>	Additional officers have already been agreed and the costs have been included within the administration budget.
Complete the 2022 Valuation of the Pension Fund	Work with the Fund’s actuarial advisors to complete the 2022 valuation of the Pension Fund. The valuation date is 31 March 2022 but the work is carried out during 2022/23 with results to be published by 31 March 2023 and new employer contribution rates effective from 1 April 2023.	<p>Provision, validation and sign-off of valuation data (July 2022 – August 2022)</p> <p>Provision of whole Fund results by Fund Actuary (September 2022)</p> <p>Discuss whole Fund results with Committee (October 2022)</p>	<p>Actuarial fees - £150,000x included within the governance budget for 2022/23.</p> <p>No additional staffing costs. All costs to be met through the existing staffing budget.</p>

		<p>Committee to approve Funding Strategy Statement for consultation (October 2022)</p> <p>Funding Strategy Statement issued for consultation (November 2022)</p> <p>Issue draft employer results and contribution strategies to scheme employers (November 2022 to December 2022)</p> <p>Committee to approve final Funding Strategy Statement (December 2022)</p> <p>Consultation and discussions with employers to agree contribution strategies (December 2022 – February 2023)</p> <p>Publication of final valuation report and certified contribution rates (31 March 2023)</p>	
Prepare for the implementation of Pension Dashboards	In the 2016 Budget, the Government made a commitment that Pension Dashboards would be created by the pensions industry, enabling pension savers to view details of all their pensions together. The Department of Work and Pensions (DWP) consultation on the draft Pensions Dashboards Regulations released in January 2022 proposes a staging deadline on the end of April 2024 for LGPS Funds to go live on the	<p>Work with supplier to implement pension dashboards by required deadline* (Estimated between April 2022 – March 2024)</p> <p>Implementation of pension dashboards* (DWP consultation currently proposes end of April 2024)</p>	It is currently unknown what the implementation and ongoing costs associated with the Dashboards will be. Costs will become clearer as the implementation date approaches. It is envisaged that the costs associated with cleansing

	Dashboards. However, this date is likely to be challenged to allow sufficient time for LGPS Funds to complete the recalculation of benefits for scheme members in scope of the McCloud remedy.	Data quality will be addressed separately through ongoing data cleansing activities. <i>*Dates to be updated once further information from the government is received.</i>	membership data will be met within existing budgets
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Investment related activities

Activity	Background	Key Milestones	Resources required
Continue development of the ACCESS asset pool	<p>The ACCESS asset pool has implemented sub-funds in which the Fund has invested 100% of its active listed equities. The Fund has submitted a request for a sub-fund for its Multi Asset Credit which when launched will result in 100% of listed Fixed Income assets being pooled.</p> <p>The ACCESS pool has recently appointed MJ Hudson as Implementation Adviser for Illiquid Assets. During 2022/23 MJ Hudson will be implementing pooled solutions for investing in Illiquid assets. Due to the illiquid nature of this asset class, migration of the Fund's assets may take a number of years.</p>	<p>Transition into the new Multi Asset Credit sub fund (By 31 March 2023).</p> <p>Produce plan for investing in illiquid assets in the pooled solution (By 31 March 2023).</p>	<p>ACCESS adviser fees are included in the Fund's share of ACCESS operating costs of c.£124,000 for 2022/23. This forms part of the investment budget.</p> <p>No additional staffing costs with costs met through the existing staffing budget.</p>
Decarbonisation and improved stewardship reporting	<p>During 2021/22 the Committee approved a revised Investment Strategy Statement incorporating an expanded and strengthened Responsible Investment (RI) Policy.</p>	<p>High level plan to decarbonise the Fund's listed equities (February 2022).</p> <p>Draft TCFD presented to the Investment Sub Committee (September 2022).</p>	<p>All costs associated with this activity have been included within the investment and staffing budgets.</p>

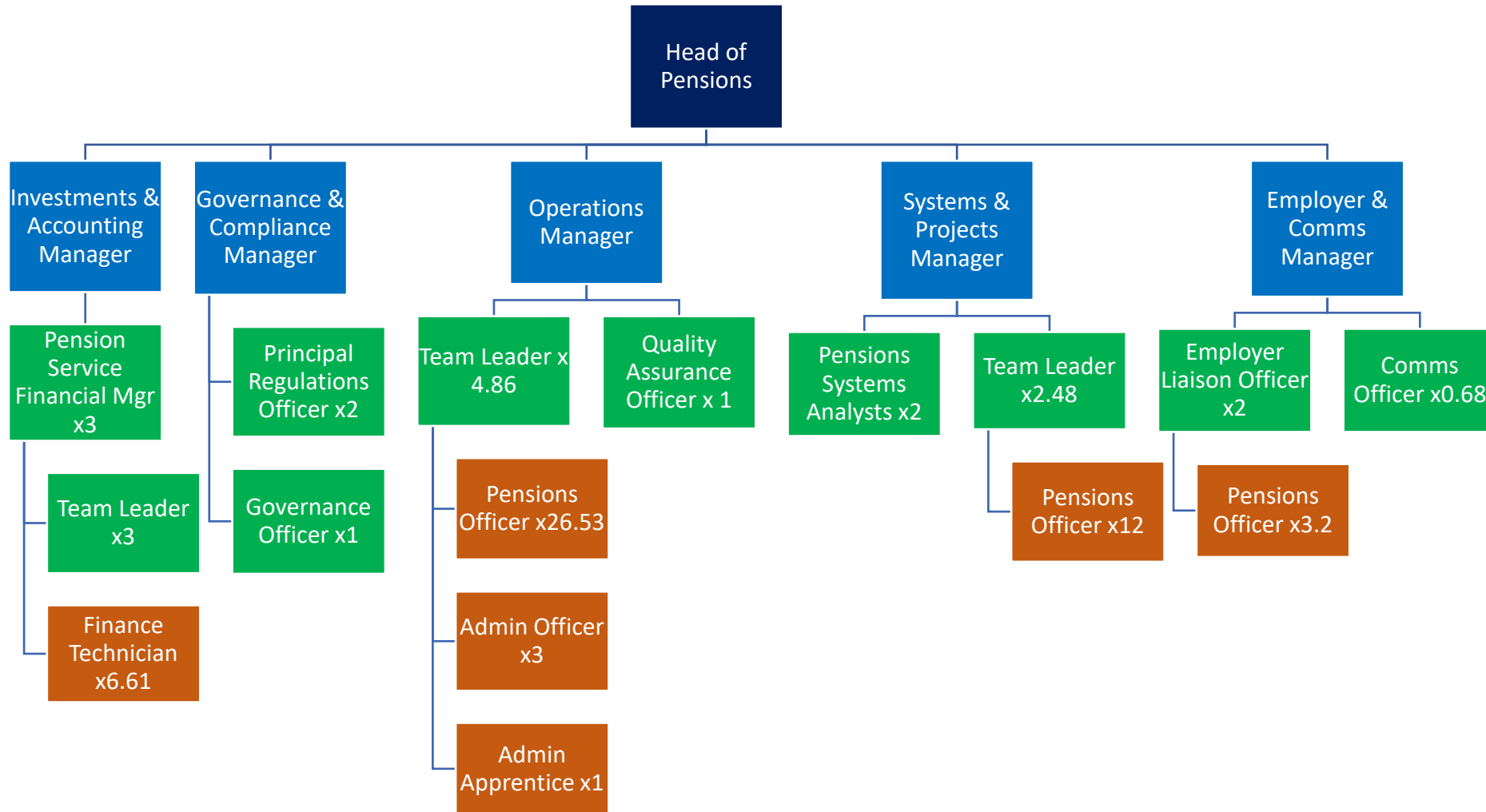
	<p>It is proposed that over the next twelve months, in conjunction with the existing work to draft the Fund’s first report that meets the requirements of the Task Force on Carbon-Related Financial Disclosures (TCFD), the Fund produces a credible plan with milestone dates, for the Fund’s investments to achieve “net-zero” carbon emissions.</p> <p>The Fund will also prepare its first submission under the UK Stewardship Code.</p>	<p>Commence implementation of decarbonisation changes to passive and active equity mandates (December 2022).</p> <p>Draft Stewardship Code submission presented to the Investment Sub Committee (March 2023)</p>	
Review the Fund’s Property Investment Strategy	<p>The Fund’s multi manager property mandate managed by CBRE has been in place for many years and recently enhanced by opportunistic direct investments in Private Rented Sector and Shared Ownership property funds managed by M&G.</p> <p>A review of the mandate will be undertaken, including consideration of possible enhancements to the property strategy, especially considering the expected benefits arising from the pooling agenda</p>	<p>Report on strategy review presented to Investment Sub Committee (September 2022).</p> <p>The output of the review will be communicated to ACCESS to inform the Fund’s requirements for the ACCESS illiquid asset programme (December 2022).</p>	All costs associated with this activity have been included within the investment and staffing budgets.

Communications

Activity	Background	Key Milestones	Resources required
Review of website and digital communications during 2022/23	The Fund maintains two websites for engagement with scheme members and employers. The current websites were developed in 2015, with the employer website hosted locally using WordPress and the member’s website hosted by the Fund’s administration software provider, Heywood, alongside the member self-service facility.	<p>Initial engagement with key stakeholders and agreement of project objectives (April 2022 – June 2022)</p> <p>Review of initial engagement including mapping of user journeys and key insights (July 2022 – August 2022)</p>	<p>Digital services fees £15,000</p> <p>Included within existing governance budget</p> <p>Existing staff to be used so costs are included within existing staffing budget</p>

	<p>A review of our web offering will be carried out with support from the digital services team at West Northamptonshire Council. The review will assess whether the website is still fit for purpose and alternative options available to meet the needs of the Fund’s stakeholders. This includes deciding whether to continue hosting the employer and member websites separately.</p>	<p>Investigation into any identified “pain points” identified by user groups and identification of any further areas for improvement (August 2022 - September 2022)</p> <p>Stakeholder demonstration of new user journeys and prototype web pages/functions (September 2022 – October 2022)</p> <p>Presentation of key recommendations to officers (October 2022 – November 2022)</p> <p>Present outcomes and recommendations paper to Committee (March 2023)</p>	
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Appendix A: Full Pensions Service structure



Northamptonshire Pension Fund Board Agenda Plan

Meeting date	Agenda item	Lead officer	DS Deadline for draft reports	Agenda despatch date
28/4/2022	Minutes 27/1/2022 and Action Log	J Findlay	20/4/2022	
	Administration Report [standing item]	J Kent		
	Risk Monitoring [standing item]	M Oakensen		
	Governance and Compliance Report [standing item]	J Kent		
	Business Plan Update	M Whitby		
	Business Plan and Medium-Term Strategy 2022/23 [to note]	M Whitby		
	Cyber Resilience exempt	J Kent		
	ACCESS Update exempt	M Whitby		
	Pension Committee Minutes	J Findlay		
30/6/2022	Minutes 28/4/2022 and Action Log	J Findlay		
	Administration Report [standing item]	J Kent		
	Risk Monitoring [standing item]	M Oakensen		
	Business Plan Update [standing item]	M Whitby		
	Governance and Compliance Report [standing item]	J Kent		
	Conflicts of Interest Policy [post scrutiny]	M Oakensen		
	Good Governance Review Action Plan [to note]	J Kent		
	Valuation Update [to note]	C Blose		

Meeting date	Agenda item	Lead officer	DS Deadline for draft reports	Agenda despatch date
	Reporting Breaches of the Law to the Pensions Regulator [pre scrutiny]	M Oakensen		
	External Audit Plan [to note]	M Whitby		
	Cyber Resilience [standing item] exempt	J Kent		
	ACCESS Update [standing item] exempt	M Whitby		
	Pension Committee Minutes	J Findlay		
3/11/2022	Minutes 30/6/2022 and Action Log	J Findlay		
	Administration Report [standing item]	J Kent		
	Business Plan Update [standing item]	M Whitby		
	Governance and Compliance Report [standing item]	J Kent		
	Risk Monitoring [standing item]	M Oakensen		
	Risk Strategy [pre scrutiny]	M Oakensen		
	Internal Audit [to note]	M Whitby		
	Code of Practice Action Plan [to note]	J Kent		
	Administration Strategy [post scrutiny]	C Blose		
	Internal Audit [to note]	M Whitby		
	Cyber Resilience [standing item] exempt	J Kent		
	ACCESS Update [standing item] exempt	M Whitby		
	Pension Committee Minutes	J Findlay		
26/1/2023	Minutes 3/11/2022 and Action Log	J Findlay		

Meeting date	Agenda item	Lead officer	DS Deadline for draft reports	Agenda despatch date
	Administration Report [standing item]	J Kent		
	Business Plan Update [standing item]	M Whitby		
	Governance and Compliance Report [standing item]	J Kent		
	Risk Monitoring [standing item]	M Oakensen		
	External Audit Report [to note]	M Whitby		
	Overpayment of Pension Policy [pre scrutiny]	M Oakensen		
	Review of website and digital communications [to note]	C Blose		
	Communication Strategy and Plan [pre scrutiny]	C Blose		
	Funding Strategy Statements [post scrutiny]	C Blose		
	Cyber Resilience [standing item] exempt	J Kent		
	ACCESS Update [standing item] exempt	M Whitby		
	Pension Committee Minutes	J Findlay		

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