



# Local Pension Board

A meeting of the Local Pension Board will be held on <https://www.youtube.com/channel/UCujrRO-y6RzkN6zPQ-xNAAtA> on Thursday 3 November 2022 at 10.00 am

## Agenda

1.	<b>Apologies for Absence and Notification of Substitute Members</b>
2.	<b>Declarations of Interest</b> Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.
3.	<b>Minutes</b> (Pages 5 - 10) To confirm the Minutes of the meeting of the Committee held on 30 June 2022.
4.	<b>Chair's Announcements</b> To receive communications from the Chair.
5.	<b>Action Log</b> (Pages 11 - 12)
6.	<b>Internal Audit Report</b> (Pages 13 - 38)
7.	<b>Northamptonshire Pension Fund - Administration Report</b> (Pages 39 - 46)
8.	<b>Governance and Compliance Report</b> (Pages 47 - 54)
9.	<b>Business Plan Update Report</b> (Pages 55 - 72)

10.	<b>Northamptonshire Pension Board Forward Agenda Plan</b> (Pages 73 - 76)
11.	<p><b>Exclusion of Press and Public</b></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"> <li>a) To give under any enactment a notice under or by virtue of which requirements are imposed on a person; or</li> <li>b) To make an order or direction under any enactment</li> </ul> <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>
12.	<b>Private Minutes of the Board 30 June 2022</b> (Pages 77 - 78)
13.	<b>Minutes of the Pension Fund Committee 25 July 2022</b> (Pages 79 - 84)

14.	<b>Valuation Update</b> (Pages 85 - 128)
15.	<b>Risk Monitoring Report</b> (Pages 129 - 188)
16.	<b>Cyber Resilience</b> (Pages 189 - 196)
17.	<b>Climate Action Plan</b> (Pages 197 - 206)
18.	<b>Access Update</b> (Pages 207 - 216)
19.	<b>Urgent Business</b> The Chairman to advise whether they have agreed to any items of urgent business being admitted to the agenda.

Catherine Whitehead  
Proper Officer  
26 October 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](mailto:democraticservices@westnorthants.gov.uk) prior to the start of the meeting.

##### **Declarations of Interest**

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

of the meeting, at the start of the relevant agenda item

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

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

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If a continuous fire alarm sounds you must evacuate the building via the nearest available fire exit. Members and visitors should proceed to the assembly area as directed by Democratic Services staff and await further instructions.

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If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named below, giving as much notice as possible before the meeting.

### **Mobile Phones**

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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](mailto:jeverly.findlay@westnorthants.gov.uk)

Or by writing to:

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



**Local Pension Board**

Minutes of a meeting of the Local Pension Board held on <https://www.youtube.com/channel/UCujrRO-y6RzkN6zPQ-xNAtA> on Thursday 30 June 2022 at 10.00 am.

Present

Councillor Andrew Weatherill  
 Alicia Bruce  
 Julie Petrie  
 Katy Downes  
 Kevin Standish-Day

Apologies for  
 Absence: Councillor Ken Pritchard

Officers Cory Blose  
 Paul Hanson  
 Mark Whitby, Head of Pensions  
 Michelle Oakensen  
 Jeverly Findlay, Committee Officer

48. **Minutes**

**RESOLVED: The Local Pension Board approved the minutes of the meeting held on 28 April 2022.**

49. **Declarations of Interest**

No interests were declared.

50. **Pension Committee Minutes 30 March 2022**

**RESOLVED: The Local Pension Board noted the minutes of the Pension Committee held on 30 March 2022.**

51. **Action Log**

Members of the Board were asked to note the Action Log (copies of which had been previously circulated).

**RESOLVED: That the Local Pension Board note the action log.**

52. **Annual Report of the Local Pension Board**

The Democratic Services Manager presented the Annual Report of the Local Pension Board. It provided a brief summary of the decisions made by the Board over the last year. It would be updated following the meeting. The report demonstrated the link between the Board and Council and it would be submitted to Council in September.

Further to an enquiry, the Democratic Services Manager advised that the report would not be submitted to North Northamptonshire Council, as West Northamptonshire Council was the administering authority. The Head of Pensions added that the annual report of the Pensions Committee would also be submitted to Council; the scrutiny of the fund was undertaken by the administering authority.

**RESOLVED: That the Local Pension Board note the annual report and that it be submitted to the Council in its capacity as the Administering Authority.**

53. **Northamptonshire Pension Fund - Administration Report**

Consideration was given to a report which provided an overview of the administrative activities of the Northamptonshire Pensions Fund.

The Governance Officer drew the Board's attention and the key performance indicators. The service performance had been consistently good, with the exception of 1 indicator. The target to 'provide transfer-in quote to scheme member' had been missed due to performance issues within the team. There would be closer monitoring of casework going forward.

It was highlighted that 100% of contributions from employers of the scheme had been received on time in March and April.

Since the last meeting, when it had been reported that Prudential had failed to provide annual benefit statements by the statutory deadline of 31 March 2022, the statements had been issued. The Pension Regulator had not proposed any further action. The Pensions Team had been provided with assurances that the statements had been sent out.

The Head of Pensions highlighted that it was the responsibility of the administering authority to put in place AVC (Additional Voluntary Contribution) arrangements and to have oversight of them. Two reviews of Prudential had been undertaken with Aon as an independent party and Prudential were considered to be the best provider in the market, providing lifestyle policies. Legal and General were currently testing the marketplace however.

The Chair asked for clarification in relation to section 5.4.2 of the report and the reference to the refunds outside of the strategy period. The Governance Officer advised that the regulations stipulated that refunds had to be paid out according to a statutory timescale over a 5 year period. If the member of the scheme did not

respond or they could not be located, this resulted in a breach. The refunds were for members who had been in the scheme 3 months to 2 years.

**RESOLVED: That the Local Pension Board note the Northamptonshire Pensions Fund - Administration Performance Report.**

54. **Governance and Compliance Report**

The Governance Officer introduced the report and highlighted that developments on the good governance review and the new code of practice were still awaited. A progress update on the dashboard project was provided in section 5.2 of the report. The Department of Work and Pensions would publish a response to the consultation over the summer and issue a consultation on draft standards. The pension regulator had published new guidance requirements and schemes needed to act now in order to prepare for the dashboards. Pension staff had been attending webinars about the dashboards and looking into the delivery. The iconnect system is being used by most employers and the pensions service was in a strong starting position.

It was noted that the Pensions Committee had approved the Data Improvement Strategy and Plan and the Reporting Breaches of the Law to the Pensions Regulator Policy 2022 on the previous day.

Appendix A of the report illustrated the review cycle of all the strategies. The Chair considered that this was particularly useful.

**RESOLVED: That the Local Pension Board note the contents of the report.**

55. **Data Improvement Policy and Plan**

The Head of Pensions advised that the Data Improvement Policy had been re-written and activities reviewed to keep data at a high quality. Data scoring was undertaken annually and a considerable amount of work undertaken on reconciliation. The work that would need to be undertaken as a result of the McCloud age discrimination remedy had already commenced. The Data Improvement Plan would be brought back to the Board annually.

Julie Petrie welcomed the section in the report relating to clear data submission templates and forms as these were complex and errors could occur. The Head of Pensions advised that 99% of the data was on iconnect. The templates were standardised by the software provider but improvements could be made on the paper forms. The Employer Services and Communications Manager added that the forms were regularly reviewed and that the Communications Officer and Quality Assurance Officer were currently reviewing them. The leavers form was also reviewed annually. The software supplier was putting a solution in place in order to provide self-service for employers. The Head of Pensions advised that the majority of leavers did not need to complete a form. The challenge was to improve the position for retirements.

The Chair asked how the action plan would be monitored. The Head of Pensions considered that logically this would be included in the Administration Report but most

actions were included in the Business Plan update. This would be considered by officers.

It was noted that due to the committee dates pre-scrutiny of this policy by the Board had not been possible unfortunately.

**RESOLVED:**

- (i) That consideration be given to the inclusion of the monitoring of the Data Improvement Policy and Plan in either that Administration Report or the Business Plan Update.**
- (ii) That the Local Pension Board note the Data Improvement Policy and Plan.**

**56. Reporting Breaches of the Law to the Pensions Regulator**

The Governance Officer advised that this policy had originally been scheduled to be produced in line with the new code of practice which had been due to be published in November 2021. The Reporting Breaches of the Law to the Pensions Regulator Policy had been reviewed based on the current code of practice, as it was expected that the new code of practice would not greatly alter the requirements for breaching the law. All breaches needed to be recorded both material and non-material.

It was noted that section 4 of the report mistakenly referred to Cambridgeshire and this should be Northamptonshire.

The Board commended the policy which they considered to be easy to follow.

**RESOLVED: The Local Pension Board reviewed the Reporting Breaches of the Law to the Pensions Regulator Policy.**

**57. Valuation Update**

The Employer Services and Communications Manager reported that the pre-valuation activities had been completed up to March and data cleansing up to December 2021. Assessments of risky employers would be incorporated into the valuation. The contribution rates for the two unitary authorities and the police for the next 3 years would be finalised in the next couple of months and the Pension Committee had approved the process for this. Queries from employers were being reviewed and the data would be sent to the actuary the following week. Section 5.6 of the report set out the key dates for the decisions that would need to be taken at the committees and members of the Local Pension Board could attend those meetings to receive the information first hand from the Actuary in an observer capacity. The Board welcomed the plan on one page as it was easy to read.

Councillor Weatherill queried if the stabilisation of contributions led to greater volatility. The Employer Services and Communications Manager advised that a long term view was taken of the investment markets and the modelling created enabled



the actuary to consider around 5,000 economic futures over the next 20 years. The worst 5% scenarios were tested against. The modelling was clearly working, as the fund was looking to freeze or reduce the contributions from employers. All pensions were on the same 3 year cycle and the actuary worked for the majority of funds in the local government pension scheme. In April/June next year a lessons learned exercise would be undertaken.

**RESOLVED: That the Local Pension Board note the contents of the report.**

58. **Northamptonshire Pension Board Forward Agenda Plan**

**RESOLVED: That the Local Pension Board note the contents of the report.**

60. **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 10.30 am

Chair: \_\_\_\_\_

Date: \_\_\_\_\_

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**NORTHAMPTONSHIRE  
PENSION FUND**

**Local Pension Board  
Action log from Local Pension Board meeting held on 30 June 2022**

**Agenda Item:**

This log captures the actions from the Northamptonshire Local Pension Board of the 30 June 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 21 October 2022.

Actions from 30 June 2022:

<b>Item No.</b>	<b>Item</b>	<b>Action to be taken by</b>	<b>Issue/Action</b>	<b>Action/Status</b>
9.	Data Improvement Policy and Plan	Mark Whitby	Consideration be given to the inclusion of the monitoring of the Data Improvement Policy and Plan in either that Administration Report or the Business Plan Update.	Completed. The activities in the Data Improvement Plan are covered in the Business Plan Update reports provided to the Committee and Board. The exception to this is progress on addressing common and conditional data failures which will be added to the Administration Report from January following the production of the new data score.

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## West Northamptonshire Council

### Local Pension Board

03/11/2022

### Internal Audit

Report Title	Internal Audit Report 2021-22
Report Author	Jen Morris - Head of Audit & Risk Management <a href="mailto:Jen.Morris@westnorthants.gov.uk">Jen.Morris@westnorthants.gov.uk</a>

#### Contributors/Checkers/Approvers

Head of Pensions	Mark Whitby	12/9/2022
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#### List of Appendices

#### Appendix A – Internal Audit Report: Administration of the Northamptonshire Pension Fund 2021-22

##### 1. Purpose of Report

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1.1. To present the findings of Internal Audit work during 2020-21.

##### 2. Executive Summary

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2.1 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2.2 The work of Internal Audit complements and supports the work of external auditors in forming their opinion on the financial accounts. Internal audit work is coordinated with the external auditors and they place reliance on the work of internal audit to reduce the level of testing they undertake themselves. This reduces overall costs by avoiding unnecessary duplication of effort and supports delivery of an efficient and effective service.

### **3. Recommendations**

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- 3.1 The Pension Board is asked to note the findings from Internal Audit work during 2021-22.
- 3.2 Reason for Recommendation: To receive independent assurance relating to the robustness of arrangements supporting the administration of the Northamptonshire Pension Fund.

### **4. Report Background**

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- 4.1 During 2021-22, Internal Audit work focused on the administration of the Northamptonshire Pension Fund.
- 4.2 The audit assessed the adequacy of design and implementation of controls for the administration of the pension fund. Based on the completion of our work, we gave a **substantial** opinion assurance to the control environment in place and a **satisfactory** assurance opinion for compliance. The full report is included as Appendix A.
- 4.3 The Internal Audit findings were noted by the Pension Committee in October 2022.

### **5. Issues and Choices**

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- 5.1 Not Applicable

### **6. Implications (including financial implications)**

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#### **6.1 Resources and Financial**

- 6.1.1 There are no resources or financial implications arising from this report.

#### **6.2 Legal**

- 6.2.1 The requirement for an Internal Audit function derives from section 151 of the Local Government Act 1972. All principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations 2015 in England should make provision for Internal Audit in accordance with the Code.
- 6.2.2 There are no legal implications arising from this report.

#### **6.3 Risk**

- 6.3.1 Good governance ensures that the Pension Fund is appropriately managed and has oversight by audit to ensure transparency.
- 6.3.2 The risks associated with failing to independently assess the Pension Fund has been captured in the Fund's risk register as detailed below.

Risk	Residual risk rating
Contributions to the Fund are not received on the correct date and/or for the correct amount.	Amber
Risk of fraud and error.	Green
Failure to understand and monitor risk and compliance.	Green
Failure to administer the scheme in line with regulations and guidance.	Green
Incorrect/poor quality data held on the Pension Administration and Payroll platforms or delays with receiving information leading to incorrect information/delayed provision of information to members and stakeholders.	Green

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

[Risk Register.](#)

#### 6.4 Relevant Pension Fund Objectives

6.4.1 The audit work undertaken was designed to support the Pension Service in achieving its objectives through the effective management of risk. The work therefore supports all of the objectives of the Pension Service, in particular.

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

#### 6.5 Consultation

6.5.1 Consultation was not required for this report.

### 7. Background Papers

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7.1 Not Applicable

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# Internal Audit Final Report

## Administration of the Northamptonshire Pension Fund 2021/22

### Governance Opinion

<b>Adequacy of System</b>	<b>Substantial</b>
<b>Compliance</b>	<b>Satisfactory</b>
<b>Organisational Impact of Findings</b>	<b>Minor</b>

<b>Report Issued</b>	06/07/2022
<b>Follow Up Audit Due</b>	TBD

## Executive Summary

### 1 Background

- 1.1 The Pension Service based within West Northamptonshire Council administers the Northamptonshire Local Government Pension Scheme.
- 1.2 The administration of the scheme is subject to an annual internal audit and was given substantial assurance for system design and good assurance for compliance in 2020/21.
- 1.3 Relevant statistics for the fund as reported in the 2020/21 Annual Report and Accounts are depicted in the following table:

Period end	No. of members	No. of scheme employers with active members	Value of assets
31 March 2021	73,078	314	£3.1 billion
31 March 2020	69,791	366	£2.4 billion

- 1.4 This audit forms part of the agreed 2021/22 Internal Audit Plan.

### 2 Scope of Audit and Approach

#### 2.1 Scope

To provide assurance the Pensions Service has effective arrangements in place with regards to the management and administration of the Northamptonshire Pension Fund, including the accuracy and timeliness of associated financial transactions.

The objectives of this review will be to ensure that:

- Appropriate systems are in place to ensure notification of new members (including transfers in) are recorded on the pensions systems accurately and on a timely basis.
- Mechanisms exist to ensure the correct contributions are received from employer organisations in line with agreed deadlines on a timely basis.
- Appropriate action is taken upon notification that a member has left the scheme.
- Pension payments are made accurately and in accordance with regulations and agreed procedures.
- Reconciliations related to Pensions are completed on a timely basis, with prompt action taken to clear unreconciled items.
- Key Performance Indicators (KPIs) reported in Administration Performance reports are accurate.
- Appropriate procedures are in place to identify and report breaches of the law to the Pension Committee and Pension Board in the Administration Report.
- There is an up-to-date Risk Strategy and Risk Register in place which are monitored and reported on at appropriate intervals.

## 2.2 Approach

The audit process involved:

- undertaking interviews with relevant officers to ascertain the procedures in place for managing risk;
- evaluating whether the procedures in place provided for an adequate and effective level of control;
- testing, where appropriate, that the controls identified were operating in practice; and
- reviewing procedures for efficiency and, where appropriate, identify opportunities to make improvements to processes; and
- following up the recommendations made in the 2020/21 report.

## 2.3 Acknowledgements

We would like to thank all the members of staff consulted, for their assistance and co-operation during this review.

### 3 Internal Audit Opinion and Main Conclusions

- 3.1 The review has confirmed that the current arrangements largely ensure that adequate controls are in place for achieving the eight key control objectives listed in 2.1 above, with some minor areas for improvement made. Based on the audit findings the assurance given to the system design is **Substantial**.
- 3.2 Overall, the review found good levels of compliance with the expected control procedures. However, some areas of non-compliance have been identified, some of which were highlighted in last year's audit report, and recommendations for improvement made and agreed with management. On this basis the assurance given for compliance is **Satisfactory**.
- 3.3 The organisational impact of the findings is **Minor**. This reflects the fact that whilst a number of improvements have been identified, these are considered to have a limited impact on the operations of the Northamptonshire Pension Fund.
- 3.4 **Main recommendations**
- The timely resolution of queries resulting from validation checks on employer submissions and the chasing of late submissions. **(See MAP 1)**
  - Timely resolution of unreconciled items in the January 2022 and February 2022 Employer Contributions Worksheet. **(See MAP 2)**
  - Timely employer notification of required pension adjustments required as a result of the annual reconciliation of manual submissions. **(See MAP 3)**
  - Checking / authorisation of payments by appropriate officers in line with the checking limits schedule. **(See MAP 4)**
  - Additional checking by the Operations Manager of KPI data analysed and reported. **(See MAP 5)**
  - Review of the 2018 Reporting Breaches of the Law to the Pensions Regulator Policy. **(See MAP 6)**
  - Review of arrangements to maximise identification, classification, and reporting of breaches. **(See MAP 7)**
- 3.5 **2021/22 Audit recommendations - Follow-up**  
The 2021/22 report highlighted three issues for management action. Two issues related to the introduction of appropriate independent checks during the processing of pensions transactions and, another to the numbers of validation checks outstanding at year end. This review has confirmed that whilst independent checks have been introduced, the limits for responsibility for these checks need to be clarified in particular relating to the checking of death and other grants. The numbers of validation checks outstanding at year end remains an issue. **(See MAP 1 & 4)**
- 3.6 For all issues identified as part of this audit, actions are agreed with management and are detailed in the Management Action Plan (MAP) from page 11 of this report. When implemented these will positively improve the control environment.

## DETAILED FINDINGS

### 4 Assurance Area - Recording new starters (incl: transfers in)

**Control Objective (1) - Appropriate systems are in place to ensure notification of new members (including transfers in) are recorded on the pensions systems accurately and on a timely basis.**

- 4.1 Employers are responsible for notifying Pensions Fund of any employees who wish to join the pension scheme. This information is currently received by Pensions through two mechanisms:
- Electronic data submissions via I-connect, which is a bespoke system which interfaces with the pensions system.
  - Manual forms from employees and employers these are very rare.
- 4.2 Irrespective of the mechanism, checks are undertaken to ensure that only correct and complete records are uploaded into the pensions system (Altair), which are then used to create the member record. This includes:
- Independent checks on manual information input onto the pensions system by Pension Officers, and
  - Checks to ensure that electronic data received is accurately transferred to the pensions system. This includes ensuring that all submissions received from employers have been processed and that any rejected data is investigated and resolved.
- 4.3 A log is maintained to monitor receipt of the monthly employer's returns, and this also details outstanding information and queries resulting from returns. Based on information provided in April 2022, returns from five employers were regularly overdue and having to be followed up. **(See MAP 1)**
- 4.4 During the year and at the year end, a validation check is undertaken to ensure all data submitted by employers is correct. Based on information provided at 22<sup>nd</sup> April 2022 by the Team Leader (Systems), 2906 queries relating to 2021-22 had not yet been resolved. **(See MAP 1)**
- 4.5 New members who wish to transfer in from another pension scheme can do so providing defined procedures are followed. Testing of ten transfers into the Northamptonshire Pension Fund (NPF) confirmed that the following controls were operational:
- A transfer in request was made within one year and a form was on file signed by the member.
  - A calculation of the transfer in value is on file which has been subject to independent review and authorisation.
  - The pension certificate has been provided by the previous pension provider.
  - The correct payment had been received from the previous pension provider.
  - The member's pension record on the Altair system had been updated accurately and the member notified.

## 5 Assurance Area - Contributions

**Control Objective (2) - Mechanisms exists to ensure the correct contributions are received from employer organisations in line with agreed deadlines on a timely basis.**

- 5.1 **Monthly Employer Contributions** - A clearly defined process is in place to oversee the monthly payment of employer contributions to the NPF. Employers submit details of their contributions each month on a PEN18 electronic return. The PEN18s system checks that employer contributions received agree to actuary percentage rates for pensionable pay for employer's contributions. This system is automated so that when the data is fed into the system it calculates the amount due based on pensionable pay, this is then compared to the amount received. A check is also completed at the same time to monies received. Where variances occur, the employer is contacted and they either adjust the next payment or invoice the employer.
- 5.2 Records are maintained for employers and their contributions on a contributions worksheet. Audit review during April 2022 of the NPF Contributions 2021-22 worksheet for the period April 2021 – February 2022 highlighted that there was 100% reconciliation of employer's contributions received to that expected for the months April 2021- December 2021. For January 2022 it was 99.9% with £11.7k unreconciled and for February 2022 it was 96.1% with £760k unreconciled. From the worksheet received in early April 2022, reconciliation of contributions for March 2022 was work in progress, but notably unreconciled items up to February 2022 still required actioning. **(See MAP 2)**
- 5.3 For a sample of five employers (each for one month during the year), audit testing confirmed employer's contributions reflected in the PEN18 returns (which provide details of summary totals of employer and employee contributions – and recorded in the NPF Contributions 2021-22 worksheet) for a particular month were reconciled to expected contributions and had been paid into the Pension Fund bank account.
- 5.4 **Annual Employer Reconciliations** - In addition to the monthly process, an annual reconciliation of employer and member contributions to payments received takes place around July/ August in the following financial year. This takes place for employers who do not have access to the I-Connect system and manually submit an annual return. A review of the 2020/21 reconciliations highlighted that two areas for follow up, based on set variance levels being exceeded (overpayments of £74k & £52k), had been investigated. The Principal Accounting Technician confirmed in response to audit query that they were due to write to the employer in early May 2022 (just prior to their contributions payment being due) to advise them to make the deduction and / or keep as an additional amount against their valuation. We consider this to be an unnecessary delay in employer notification. **(See MAP 3)**

## 6 Assurance Area - Leaving the pension scheme

**Control Objective (3) - Appropriate action is taken upon notification that a member has left the scheme.**

- 6.1 Employers notify the Pensions Team when an employee leaves and the member's pension is then "deferred" until payments are due. Action is taken if a request or event takes place. These are considered below.

- 6.2 **Transfers Out** - former members who wish to transfer out to another pension scheme are able to do so providing defined procedures are followed. Testing of seven transfers (all year to date at time of testing) out of the NPF confirmed that the following controls were operational:
- A transfer out request form was on file signed by the member.
  - Confirmation from the employer / Payroll was on file to confirm the member had left their pensionable employment.
  - A calculation of the transfer out value was on file which had been subject to review and authorisation.
  - The payment had been made to the appropriate Pension Fund.
- 6.3 **Death** - certain procedures have to be followed on the death of a pensioner member of the scheme. Notification of five pensioner deaths were reviewed and testing undertaken confirmed that the following controls were operational:
- A death certificate or other official notification (e.g. tell us once) was on file in all cases.
  - The pension was stopped on a timely basis.
  - A reconciliation had been completed and independently checked to confirm if over / under payments had occurred and appropriate action was taken based on the findings.
  - The pensioner's records on the Altair System had been "closed" where appropriate to do so.
- 6.4 The NPF Anti-Fraud and Corruption Policy - March 2022 (Section 10) has details of ongoing procedures that address the risk of payments being made to pensioners after their death.

## **7 Assurance Area - Pension Payments**

### **Control Objective (4) - Pension payments are made accurately and in accordance with regulations and agreed procedures.**

- 7.1 **New Pensioners** - Pension payments can be set up for both new and dependent pensioners. For a new pensioner, the Pensions Team will initially seek confirmation that the member has left their pensionable employment. This information can either be provided by the employer or through Payroll. The Pensions Team then seek to validate key information including the member's date of birth, length of service, marital status and pay details. This information is then used to calculate the pension payments (lump sum where applicable and monthly) and then the monthly payment set up on the pension payroll. Both the calculation and setting up on the pension payroll are subject to independent checks for accuracy and then payment. The pensioner is notified, and payments made accordingly.
- 7.2 **Dependent pensioners** - following the death of a pensioner / member in service there is a need to seek official notification that the member has died, confirming the status of the dependent, performing a calculation, and a senior review of potential death grants and monthly payments (which also require authorised payroll set up), together with notification of the dependents of these.
- 7.3 Testing of five new dependent pensioners to confirm that the expected controls were operational highlighted that the calculation for one death grant payment (£94k) had been checked by a Pensions Officer with a checking limit up to £10k but this should have been checked by the Team Leader who has authority for payments over £10k. **(See MAP 4)**
- 7.4 **Annual Uplift** - the annual uplift of pension payments is completed based on information provided by central government – Public Service Information Sheet (PSIS) Tables in an Excel sheet format.

The updated PSIS values are input by a Pension System Analyst to a table in the Altair system and an uplift process run - both in the test and live environments – calculates the increase in pension required. The output which is used to update the payroll data with the increases are checked by another Pensions System Analyst to ensure the changes are complete and accurate before updating the live payroll system. We were provided with evidence by one of the Pension System Analysts that this process was successfully completed for 2021/22.

## 8 Assurance Area - Reconciliations

**Control Objective (5) - Reconciliations related to Pensions are completed on a timely basis, with prompt action taken to clear unreconciled items.**

8.1 **Bank Reconciliations** – The Pension Fund has four Barclays bank accounts, namely:

- 1) Payables
- 2) Income
- 3) Liquidity
- 4) Salaries

8.2 Monthly reconciliations of all four bank accounts are undertaken by the WNC Business Systems and Change Team.

8.3 A review of two months (September 2021 and February 2022) reconciliations for all four bank accounts completed by the Business Systems and Change Team highlighted that all had all been completed on a timely basis and included appropriate supporting documentation (bank statements and system extracts to support entries in the reconciliations). Unreconciled items were generally cleared on a timely basis. For the unreconciled items identified in February 2022, the review prepared in March reconciliations (still awaiting completion in mid-April) confirmed these had been cleared. Different officers in the Business Systems and Change Team had completed (Business Support Officer) and reviewed (Business Systems Team Leader) the reconciliations for September 2021 and February 2022 ensuring adequate separation of duties.

8.4 **Payroll Control Accounts** - Based on work completed in other audit reviews during 2021/22 including the Payroll audit, a number of issues relating to payroll control account reconciliations have been identified and reported to management who have provided assurances that appropriate action will be taken to address these. These actions are being monitored by both senior management, Accountancy, and Internal Audit across each of the relevant client authorities. As a result, we have not undertaken any additional testing in this area as part of this review and expect the close examination of management and officers to resolve any issues arising will ensure effective arrangements are in place.

## 9 Assurance Area - Key Performance Indicators (KPIs)

**Control Objective (6) - KPIs reported in Administration Performance reports are accurate.**

9.1 The Administration Strategy for the NPF (reviewed and agreed by the Pension Board December 2020) sets out Performance Standards and makes specific reference to performance monitoring against administering authority tasks noted in Appendix C “Administering Authority Performance Standards” of that document and lists 18 performance indicators for scheme administration.



9.2 The Quality Assurance Officer confirmed the process for providing performance information for reporting is as follows:

Workflow reports are run monthly on the Altair system. The required Service Level Agreement (SLA) information is extracted and then checked for accuracy. From this information, the following are updated:

- SLA Performance PowerPoint report, which details the total SLA figures for the fund for all the SLA casework.
- SLA “misses” which provides details of the reason why a case has missed the relevant SLA target and by how many days.
- An SLA administration report in the form of a spreadsheet for the fund, which provides the required committee SLA information and is issued to the Governance team to report to the committee.
- A Pensions KPI and volumes spreadsheet which provides the required lead authority SLA information for the fund, which is uploaded to Huddle.
- All the SLA information is checked internally by the Operation Team Leaders and Operations Manager, before that information is provided to the Governance Team to be included in the Performance Administration report for committee submission or uploaded to Huddle for the Lead Authority Board.

Note that in arriving at SLA “misses” a detailed exercise is undertaken as follows:

- Using the potential misses shown on a pivot table worksheet the relevant cases are pulled from the relevant Altair system report and then checked on Altair to see if they have missed the SLA or not. Not all cases listed will have missed the SLA and reasons why include:
  - Out of office awaiting information from member, employer etc.
  - Reply received date not entered onto a task. These are shown on the SLA misses spreadsheet to highlight training issues to the relevant Team Leader.
  - Other issues with the completion of tasks, which will also be shown on the SLA misses spreadsheet.
- The Operations Manager checks the SLA misses spreadsheet to see what reasons have been provided by the Team Leaders for missed targets to ensure appropriate actions are being taken to stop re-occurrence.

9.3 We confirmed with the Governance and Regulations Manager that most likely in 2012 (before their appointment) when there was a wholesale review of the information reported at the Committees and Boards, it was decided that only seven of the eighteen SLAs (four of these are statutory) would be reported to the Pensions Board and Pensions Committee. Furthermore, guidance is currently awaited from the Scheme Advisory Board and the Department for Levelling Up Housing and Communities. It is expected that this should consolidate the KPIs for all LGPS Funds and provide better consistency of report to their respective Committees and Boards.

#### 9.4 **Testing**

Information relating to the seven SLAs is reported to the Fund’s Pension Committee and Pension Board alongside any remedial action taken where the expected standards are not being met. A selection of two KPIs (one statutory - “Award Dependant Benefits” and one non-statutory - “Notify employees retiring from active membership of benefits award”) were examined against the identified procedures. These results include:

- Both have been reported to the Pension Board during the 2021/22 year (latest one - January 2022) and April 2022 (for performance in January 2022). No issues were noted.

- The reported performance for one of the three months reported (December 2021 & January 2022) can be verified to underlying system recording (higher level testing). No issues were noted.
- Obtained confirmation from the Operations Manager that they had checked the SLA misses spreadsheet to observe what reasons had been provided by the Team Leaders for missed targets to ensure appropriate action had been taken to stop re-occurrence.

Whilst our testing provided assurance on the operation of the procedures to enable accurate reporting, we recommend that whilst the checking by the Operations Manager highlights areas for training and further improvement, which is important to the provision of the service, some attention should be directed to sample checking of the reclassification of “near misses” so that they are not reported as SLA misses. **(See MAP 5)**

## **10 Assurance Area - Breaches**

### **Control Objective (7) - Appropriate procedures are in place to identify and report breaches of the law to the Pension Committee and Pension Board in the Administration Report.**

- 10.1 The fund has a policy in place, “Reporting Breaches of the Law to the Pensions Regulator Policy 2018”, to identify and report breaches of the law to the Governance Manager, the S151 Officer, the Pensions Committee and Pension Board, and upwards to the Pensions Regulator.
- 10.2 In Section 5 of the policy ref: Review 5.1, it refers to the policy being expected to be appropriate for the long-term but will be reviewed every two years to ensure it remains accurate and relevant. The policy is therefore in need of review. **(See MAP 6)**
- 10.3 As part of the review we sought and obtained clarification from the Governance and Regulations Manager confirming that it is not possible to identify and report ALL breaches. Reasons provided included breach identification in the first instance, the large number of processes involved, and the limited resources available to oversee every process in the identification of breaches and reporting thereof.
- 10.4 This limitation should be noted by management to ensure that every effort is made to maximise identification, classification and reporting of breaches. Benchmarking with other pension funds may provide areas for retrospective checking if not already identified by the NPF. KPI monitoring should also be used to assist identification of any breaches – where KPIs have not been met (those reported to the Pensions Board and others internally monitored) potential breaches should be investigated. This should be a standard monthly procedure. **(See MAP 7)**
- 10.5 The NPF Pension Committee and Pension Board Agenda papers and minutes during 2021/22 were reviewed for evidence of the reporting of breaches. This confirmed regular reporting to the Pension Committee in the Administration Performance Report as follows- (July 2021; Sept 2021; Dec 2021; March 2022) and Pension Board (April 2021; July 2021; Nov 2021; Jan 2022) during the year. There was no classification of any breaches rated as red which would have required reporting to the Pensions Regulator. All the breaches reported had been classified as non-material.

## 11 Assurance Area - Risk Management

**Control Objective (8) - There is an up-to-date Risk Strategy and Risk Register in place which are monitored and reported on at appropriate intervals.**

- 11.1 An up-to-date Risk Strategy - the Northamptonshire Pension Fund Risk Strategy 2019 and Risk Register NPF Dec 2021 - is in place. Reporting and monitoring (ref: 11.1) within the document states "Progress in managing risks will be monitored and recorded on the risk register. The risk register, including any changes to the internal controls, will be provided on an annual basis to the Pension Committee. The Pension Committee will be provided with updates on an ongoing basis in relation to any significant changes to risks (for example where a risk has changed by a score of 3 or more) or new major risks (for example, scored 15 or more). As a matter of course, the Pension Fund Board will be provided with the same information as is provided to the Pension Committee (or Investment Sub-Committee as appropriate) and they will be able to provide comment and input to the management of risks."
- 11.2 It is current agreed practice (as determined by the Pensions Committee when it approved the Strategy) and referred to in the Background Section of Risk Monitoring Reports to the Pension Board and Pension Committee, that the Pension Fund Board would monitor risks on a quarterly basis and the Pension Fund Committee would review these on a bi-annually basis unless any concerns were raised by the Board prior to this. Whilst this practice enhances the risk monitoring reporting it is advisable that the strategy is updated on its next occasion to reflect the current practice.
- 11.3 Our review has confirmed the following reporting on risk management in line with current agreed practice:
- To the Pension Board as follows during 2021/22:
- July 2021- Risk Monitoring Agenda Item 8
  - Nov 2021-Risk Monitoring Agenda Item 10
  - Jan 2022 Risk Monitoring Agenda Item 8
  - April 2022 – Risk Monitoring Agenda item 13
- To the Pension Committee during 2021/22:
- June 2021 – Not listed on Agenda but Minute No 11 reflects presentation of the Risk Management Strategy and Risk Register to the committee.
  - Dec 2021 - Risk Monitoring Agenda Item 8

## MANAGEMENT ACTION PLAN

The Agreed Actions are categorised on the following basis:

Likelihood	H	S	I	E	<b>Essential</b> -	Action is imperative to ensure that the objectives for the area under review are met.
	M	S	I	E	<b>Important</b> -	Requires action to avoid exposure to significant risks in achieving objectives for the area under review.
	L	S	I		<b>Standard</b> -	Action recommended to enhance control or improve operational efficiency.
		L	M	H	Impact	

Ref	Issue	Recommendation	Management Comments	Priority	Officer Responsible	Due Date
1	<p><b><u>Validation Checks / Employer returns</u></b> During the year and at the year end, a validation check is undertaken to ensure all data submitted by employers is correct. Based on information provided on 22<sup>nd</sup> April 2022 by the Team Leader (Systems) 2906 queries relating to 2021-22 had not yet been resolved.</p> <p><b>Similar issue raised in the 2020/21 Audit Report.</b></p> <p>Employer monthly returns are also monitored for late submissions. At the same date above, five employers were noted as being late with monthly submissions.</p> <p><b>Risk</b> Creates a delay in processing payments. Potential errors are not identified /resolved in a timely manner.</p>	That appropriate and timely management action is taken to resolve the number of outstanding queries and late returns based on employer data submissions.	<p>A number of validation checks are run at year end indicating where there <i>may</i> be issues with the employer data submitted during the year.</p> <p>All validation queries were issued within planned timescales. However, management of responses could have been more effective, including handling of any nil response.</p> <p>Improved processes are being effectively made for the 2021-2022 year end to manage employer responses.</p> <p>Quarterly reconciliations of employer data are also being</p>	<b>Important</b>	Systems & Projects Manager	31 Aug 22



Ref	Issue	Recommendation	Management Comments	Priority	Officer Responsible	Due Date
			introduced for the 2022-23 scheme year to minimise the number of validation queries that need to be investigated at year end.			
2	<p><b>Monthly Reconciliations – Monthly Employer Contributions</b></p> <p>Records are maintained for employers and their contributions on a contributions worksheet.</p> <p>Audit review undertaken in April 2022 of the NPF Contributions 2021-22 worksheet highlighted for the period April 2021 – February 2022 that there was £11.7k unreconciled for January 2022 and £760k for February 2022. Management attention is required to ensure the reconciliation of the unreconciled items for these two months has now been satisfactorily dealt with.</p> <p><b>Risk</b></p> <p>Unreconciled items not resolved in a timely manner affecting the processing of pensions accounts affected.</p>	Management should ensure that the unreconciled items highlighted for January 2022 and February 2022 have been actioned.	<p>All income was verified for year ending 31 March well within the adjustment period after the year end. The vast majority of income is reconciled within the month however it is not uncommon for there to be a month or two delay in reconciled income due to dependencies on other teams for coding, overpayment of contributions deducted from the next month’s returns etc. Our internal target is two months.</p> <p>No further action required.</p> <p><b>Internal Audit Comment:</b></p> <p>Management’s comments are considered reasonable therefore we agree that no further action is required.</p>	Important	N/A	N/A



Ref	Issue	Recommendation	Management Comments	Priority	Officer Responsible	Due Date
3	<p><b><u>Employer contributions – Annual Returns</u></b></p> <p>A review of the 2020-21 reconciliations highlighted that two areas for follow up, based on set variance levels being exceeded (overpayments of £72k &amp; £52k), had been investigated. The Principal Accounting Technician confirmed in response to audit query that they were due to write to the employer in early May 2022 (just prior to their contributions payment being due) to advise them to make the deduction and / or keep as an additional amount against their valuation. We consider this to be an unnecessary delay in employer notification.</p> <p><b><u>Risk</u></b></p> <p>Unnecessary delays in adjusting employer contributions. Cashflow implications for employers.</p>	<p>That employers who submit annual returns are notified in a timely manner after the annual reconciliation of any adjustments required to their future contributions.</p> <p><u>Note:</u> We acknowledge that the number of employers who submit annual returns is decreasing year on year.</p>	<p>These payments related to two academies part of the same foundation trust that changed payroll providers and reporting approach during the scheme year. The total payments have now been reconciled to within expected tolerance levels.</p> <p>Nevertheless, we agree with the principal that employers should be notified in a timely manner after the annual reconciliation of any adjustments required to their future contributions.</p> <p>Complete.</p> <p><b>Internal Audit Comment:</b></p> <p>We acknowledge management’s comments and expect that the issue of timeliness have been communicated to staff.</p>	Important	Investments and Fund Accounting Manager	Complete
4	<p><b><u>New Dependents - Checking</u></b></p> <p>Testing of five new dependent pensioners to confirm that the expected controls were operational highlighted that the calculation for one death grant payment had been checked by a Pensions Officer with a checking limit up to £10k but</p>	<p>That checking of payments should only be signed off by officers formally designated to do so as set out in the “checking limits 2022” spreadsheet.</p>	<p>The peer checking limit of £10K relates to the level of annual pension and not the level of the death grant payment. Grants are usually proportional to calculated annual pensions and so if this up to £10k, it is</p>	Important	Head of Pensions	30 Sept 22



Ref	Issue	Recommendation	Management Comments	Priority	Officer Responsible	Due Date
	<p>should have been checked by the Team Leader as it exceeded the £10k limit (£94k).</p> <p><b>Similar issues raised in the 2020/21 Audit Report.</b></p> <p><b>Risk</b> Non-compliance with officers' checking limits which could result in errors/irregularities in material payments not being identified in a timely manner.</p>		<p>assumed that the resultant grant payment can be checked by the officer who checked the original annual pension calculation.</p> <p>It is acknowledged that the current "checking limits 2022" spreadsheet does not explicitly set out checking limits for grants including death grants, and the situation may be further complicated by the fact that in some cases there are no dependant pensions to be calculated where death grants are awarded. Explicit checking limits need to be determined and put in place for these situations. We have agreed to liaise with Internal Audit to revise and update the checking and authorisation limits guidance for Pension Officers.</p>			
5	<p><b>Key Performance Indicators (KPIs)</b> Confirmation was obtained from the Operations Manager (with responsibility for the preparation and reporting on the KPIs) on their checks of the SLA misses spreadsheet to determine the reasons</p>	<p>Whilst the checking by the Operations Manager highlights areas for training and further improvement, which is important to the provision of the service, we recommend that some attention</p>	<ul style="list-style-type: none"> <li>The QAO runs and reviews the reports and identifies any cases where misses have been misreported (e.g.</li> </ul>	Important	Operations Manager	30 Sept 22



Ref	Issue	Recommendation	Management Comments	Priority	Officer Responsible	Due Date
	<p>and appropriateness of actions provided by the Team Leaders for missed targets, in order to avoid re-occurrence. It is our opinion that there is an inherent weakness in the checks undertaken as these concentrates on the SLA misses that have been decided without spot checking of initially classified “near misses” which are not formally reported.</p> <p><b>Risk</b> Reclassification errors not identified. Performance erroneously and or deliberately changed to improve performance reported.</p>	<p>should be directed to sample checking by the Operations Manager of the reclassification of “near misses”, which are not reported as SLA misses, to ensure the accuracy and completeness of this stage of reporting.</p>	<p>due to the case being with a third party)</p> <ul style="list-style-type: none"> <li>The QAO highlights any remaining potential misses to the team leaders.</li> <li>The team leaders then review and confirm whether or not they agree with these misses.</li> <li>The QAO and manager then review these again and agree / disagree with any changes made by the team leaders.</li> </ul> <p>Oversight by the Operations Manager of any cases being changed from a “miss” to “target met” as part of the first step will be increased.</p>			
6	<p><b>Breaches (1) – Policy</b> Reporting Breaches of the Law to the Pensions Regulator Policy 2018 - Section 5. Review 5.1 states the policy is expected to be appropriate for the long-</p>	<p>That the Reporting Breaches of the Law to the Pensions Regulator Policy 2018 is reviewed</p>	<p>The review of the Policy was delayed whilst awaiting changes to the Regulator’s Code of Practice. The Code of Practice changes have been</p>	Important	Governance & Regulations Manager	31 Oct 22





Ref	Issue	Recommendation	Management Comments	Priority	Officer Responsible	Due Date
	<p>term but will be reviewed every two years to ensure it remains accurate and relevant. The policy is therefore in need of review.</p> <p><b>Risk</b> If the policy does not remain accurate and relevant this could lead to out-of-date practices being followed.</p>	<p>in a timely manner and updated as required.</p>	<p>pushed back multiple times so we have now proceeded with a review of the Policy. This Policy was scrutinised by the Local Pension Board on 30 June 2022 and will be reviewed by the Pensions Committee in October 2022.</p>			
7	<p><b>Breaches (2) – Identification</b> As part of the review, we sought and obtained clarification from the Governance and Regulations Manager confirming that it is not possible to identify and report <u>all</u> breaches. Reasons provided included breach identification in the first instance, the large number of processes involved, and the limited resources available to oversee every process in the identification of breaches and reporting thereof. This limitation should be noted by senior management.</p> <p><b>Risk</b> Insufficient resources dedicated to the identification of breaches resulting in (important) breaches not being identified. Potential non-compliance with Pensions Regulator requirements for identifying</p>	<p>That the current arrangements in relation to breaches are reviewed in order to maximise the identification, classification, and reporting of such.</p> <p>Management should also consider periodically undertaking the following as standard practice:</p> <ul style="list-style-type: none"> <li>• Benchmarking with other pension funds might provide areas for retrospective checking if not already identified by the CPF &amp; NPF.</li> <li>• Where KPIs have not been met (those reported to the Pensions Board and others internally) this may indicate potential breaches.</li> </ul>	<p>Red KPIs that relate to performance outside of statutory targets should already result in a breach being reported where appropriate.</p> <p>Other areas of activity also feed into breach reporting such as annual benefit statement production, dispute resolution and contribution pay over. An analysis by the Fund's Governance Consultant to ensure all appropriate areas are being reported has been commissioned.</p>	Important	Governance & Regulations Manager	31 Dec 2022



Ref	Issue	Recommendation	Management Comments	Priority	Officer Responsible	Due Date
	and reporting breaches. Areas for improvement not readily identified.					

## Appendix 1 – Glossary / Definitions

There are three elements to consider when determining an assurance opinion as set out below.

### 1 Control Environment / System Assurance

The adequacy of the control environment / system is perhaps the most important as this establishes the key controls and frequently systems ‘police/ enforce’ good control operated by individuals.

Assessed Level	Definitions
Substantial	There are minimal control weaknesses that present very low risk to the control environment.
Good	There are minor control weaknesses that present low risk to the control environment.
Satisfactory	There are some control weaknesses that present a medium risk to the control environment.
Limited	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.

### 2 Compliance Assurance

Strong systems of control should enforce compliance whilst ensuring ‘ease of use’. Strong systems can be abused / bypassed and therefore testing ascertains the extent to which the controls are being complied with in practice. Operational reality within testing accepts a level of variation from agreed controls where circumstances require.

Assessed Level	Definitions
Substantial	The control environment has substantially operated as intended with no notable errors detected.
Good	The control environment has largely operated as intended although some errors have been detected.
Satisfactory	The control environment has mainly operated as intended although errors have been detected.
Limited	The control environment has not operated as intended. Significant errors have been detected.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.

### 3 Organisational Impact

The overall organisational impact of the findings of the audit will be reported as major, moderate or minor. All reports with major organisational impact will be reported to ELT along with the relevant directorate's agreed action plan.

Organisational Impact of Findings	
Level	Definitions
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

### 4 Findings prioritisation key

When assessing findings, reference is made to the Risk Management matrix which scores the impact and likelihood of identified risks arising from the control weakness found, as set out in the Management Action Plan.

For ease of reference, we have used a high/medium/low system to prioritise our recommendations, as follows:

Category	Definitions
Essential	Action is imperative to ensure that the objectives for the area under review are met.
Important	Requires actions to avoid exposure to significant risks in achieving objectives for the area.
Standard	Action recommended to enhance control or improve operational efficiency.

## Distribution List

**Full Report Issued for Action:** Mark Whitby - Head of Pensions  
Joanne Kent - Governance and Regulations  
Manager

**Full Report Issued for Information:** Martin Henry - Executive Director of Finance  
(Section 151 Officer)  
James Smith - Assistant Director (Strategic  
Finance)

This audit and report have been prepared in line with the Internal Audit Manual and has been subject to appropriate review.

**Head of Audit & Risk Management**

**Approval:** Audra Statham (Interim)

**Quality Reviewed:** Scott Peasland - Audit Manager

**Lead Auditor:** Anand Persaud - Principal Auditor

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## West Northamptonshire Council

### Local Pension Board

3/11/2022

### Mark Whitby – Head of Pensions

<b>Report Title</b>	<b>Northamptonshire Pension Fund – Administration Performance Report</b>
<b>Report Author</b>	<b>Michelle Oakensen, Governance and Regulations Manager,</b> <a href="mailto:michelle.oakensen@westnorthants.gov.uk">michelle.oakensen@westnorthants.gov.uk</a>

#### Contributors/Checkers/Approvers

<b>Head of Pensions</b>	Mark Whitby	11 October 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 June to 30 September 2022 (section 5.1 & appendix A). The majority of KPIs were met over the period.
- 2.1.2 Timeliness of receipt of employee and employer pension contributions for the payroll periods of September 2021 to August 2022 (section 5.2 & appendix B). 100% was achieved for May, June, July and August 2022.
- 2.1.3 Occurrences of breaches of the law for the period 1 June to 30 September 2022 (section 5.3). There were no material breaches in the period.
- 2.1.4 Details of any Internal Dispute Resolution Procedure cases during the period 1 June to 30 September 2022 (section 5.4). There was one administering authority dispute and no employer disputes raised during the period.
- 2.1.5 Occurrences of material data breaches for the period June to September 2022 (section 5.5). There were no material breaches in the period.

- 2.1.6 Details of any significant overpayment of pension for the period June to September 2022 (section 5.6). There were no significant overpayments in the period.
- 2.1.7 Details of new employers admitted to the Northamptonshire Pension Fund and those that have ceased (section 5.7).

### **3. Recommendations**

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

### **4. Report Background**

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- 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**

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#### **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 April to 31 May 2022 can be found in appendix A along with the explanations for any underperformance.
- 5.1.1 Over the 4-month period, service performance has been consistently good with all targets being met with the exception of 6.
- 5.1.2 In June, the target was missed due to performance issues within the team that issue transfer in quotes that have since been addressed.
- 5.1.3 During the period there were resourcing issues within the team that deals with the payment of retirement benefits from active employment and payment of benefits from deferred membership status which resulted in targets being missed. There were three vacancies during this time and a period of sickness, two of the vacancies have now been filled with one new team member in place for July and the other for September, the remaining vacancy is currently being advertised.

#### **5.2 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 September 2021 to 31 August 2022.
- 5.2.3 In May, June, July and August 100% of payments were received on time. The current yearly average for payments made on time is 100% and schedules being received on time is 99.8%.

#### **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 June to 30 September 2022 the following breaches of the law occurred.

Type of breach	Detail of breach	Course of action
Material		
Non-material	3 refund of contribution payments were paid outside of the statutory 5-year period.	No further action at this stage, it is likely that the legislation surrounding this will be amended to remove the 5-year requirement.
	23 Annual Allowance Pension Saving Statements were not issued by the statutory deadline (6 October).	The statements were sent by 24 October.

5.4 Internal Dispute Resolution Procedure cases

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

5.4.2 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.

5.4.3 The following table details that activity undertaken during the period 1 June to 30 September 2022 with regards to administering authority disputes.

Nature of dispute	Stage 1 (Head of Pensions)	Stage 2 (Cambridgeshire County Council Monitoring Officer)
Incorrect conversion options were provided to a pension credit member on Member Self Service which allowed increased lump sum option.	Adjudication sent 5 October 2022, partially upheld for the incorrect information provided.	

5.4.4 In the period 1 June to 30 September 2022 no employing authority disputes were raised and/or responded to.

5.5 Material Data Breaches

5.5.1 None

5.6 Significant overpayment of pension

5.6.1 None

5.7 Employers Admissions and Cessations

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

- Kettering Town Council

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

- Barby & Onley Parish Council
- Lion Education Trust

## 6 Implications (including financial implications)

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### 6.1 Resources and Financial

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

### 6.2 Legal

6.2.1 There are no legal implications arising from the proposals.

### 6.3 Risk

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

Risk	Residual risk rating
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

6.3.2 The executive summary 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 as per the Business Plan have been considered in this report -

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

### 6.5 Consultation

6.5.1 Not applicable.

Appendix A - Key Performance Indicators – June, July, August and September 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%	June	154	148	6	96	Green	SLA target met
			July	146	139	7	95	Green	SLA target met
			August	184	176	8	96	Green	SLA target met
			September	152	140	12	92	Green	SLA target met
Payment of retirement benefits from active employment	Notify employees retiring from active membership of benefits award, from date payable or date of receiving all necessary information if later within 5 working days.	95%	June	45	40	5	89	Amber	SLA target not met*
			July	29	28	1	97	Green	SLA target met
			August	19	17	2	89	Amber	SLA target not met*
			September	44	41	3	93	Amber	SLA target not met*
Payment of pension benefits from deferred membership status.	Notify members retiring from deferred membership status of benefits award, from date payable or date of receiving all necessary information if later within 10 working days.	90%	June	44	40	4	91	Green	SLA target met
			July	58	51	7	88	Amber	SLA target not met**
			August	57	51	6	89	Amber	SLA target not met**
			September	42	40	2	95	Green	SLA target met
Award dependant benefits	Issue award within 5 working days of receiving all necessary information.	95%	June	45	45	0	100	Green	SLA target met
			July	22	22	0	100	Green	SLA target met
			August	22	22	0		Green	SLA target met
			September	31	31	0		Green	SLA target met
Provide a maximum of one estimate of benefits to employees per request	Estimate in agreed format provided within 10 working days from receipt of all information.	80%	June	34	31	3	91	Green	SLA target met
			July	49	49	0	100	Green	SLA target met
			August	49	43	6	88	Green	SLA target met
			September	34	34	0	100	Green	SLA target met

Appendix A - Key Performance Indicators – June, July, August and September 2022.

Provide transfer-in quote to scheme member	Letter issued within 10 working days of receipt of all appropriate information.	95%	June	23	19	4	83	Amber	SLA target not met***
			July	26	26	0	100	Green	SLA target met
			August	46	46	0	100	Green	SLA target met
			September	18	18	0	100	Green	SLA target met
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	June	14	13	1	93	Green	SLA target met
			July	18	18	0	100	Green	SLA target met
			August	26	24	2	92	Green	SLA target met
			September	26	24	2	92	Green	SLA target met

\*/ \*\*Payment of retirement benefits from active employment/ Payment of pension benefits from deferred membership status – Across the 4-month period, there were resourcing issues within the team which resulted in the targets being missed. There were three vacancies and a period of sickness during the period, two of the vacancies have now been filled with one new team member in position for July and the other for September, the remaining vacancy is currently being advertised.

\*\*\* Provide transfer-in quote to scheme member - In June, the targets were missed due to performance issues within the team, these issues have since been addressed.

**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.

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
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
March 2022	100	0	100	0
April 2022	100	0	100	0
May 2022	100	0	99.7	0.3
June 2022	100	0	99.4	0.6*
July 2022	100	0	99.8	0.2
August 2022	100	0	100	0
Average for period	100	0	99.8	0.2

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

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## West Northamptonshire Council

### Local Pension Board

3/11/2022

### Mark Whitby – Head of Pensions

Report Title	Governance and Compliance Report
Report Author	Michelle Oakensen, Governance and Regulations Manager <a href="mailto:michelle.oakensen@westnorthants.gov.uk">michelle.oakensen@westnorthants.gov.uk</a>

#### Contributors/Checkers/Approvers

Head of Pensions	Mark Whitby	17/10/2022
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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 relevant to West Northamptonshire Council’s management and administration of the Northamptonshire Pension Fund.

#### 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.

- Pensions Dashboards Regulations 2022
- Scheme Advisory Board – Annual Report
- Academy Guarantee
- Taskforce on Climate related Financial Disclosures (TCFD) consultation
- Recruitment for “All other employers Representative” to the Pensions Committee
- Skills and knowledge opportunities

#### 3. Recommendations

3.1 The Pension Board is asked to 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 Pension Board need to be aware of to fulfil their responsibilities to the Fund’s key stakeholders.

## **5. Issues and Choices**

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### **5.1 Pensions Dashboards Regulations 2022**

- 5.1.1 The proposed Pensions dashboards will allow individuals to see information about all their pensions, including the State Pension, in one place. A legal duty has been placed on pension providers to provide information to the dashboards.
- 5.1.2 There have been several sets of draft regulations and consultations issued during 2022 on the finer technical detail of establishing and connecting to a Pensions Dashboard and part of which was at what point the LGPS (and all other Public Sector Pension Schemes) would be required to connect to and supply data to a Dashboard
- 5.1.3 In July 2022 an announcement was made that the LGPS would not be required to connect to a Dashboard at the initial staging date of April 2024 as this would not allow the LGPS funds sufficient time to undertake all the remedial work required of the McCloud remedy which can only begin from October 2023. The LGPS now has a staging date of 30 September 2024 to connect to a Pensions Dashboard and a date of 1 April 2025 to make scheme member data available on the Dashboard.
- 5.1.4 In light of this information and detail arising from the regulations and consultation responses a detailed report of the work that needs to be undertaken by the Fund to meet the staging date and to be able to provide data to the Dashboard, was commissioned from the Fund's Governance Advisors, Aon. This report will enable a detailed project plan to be devised to meet the required deadlines.
- 5.1.5 The Local Government Pensions Committee (LGPC) response to the consultation can be found in full [here](#) . The Pension Board will be kept up to date with developments regarding the Pensions Dashboard.

### **5.2 Scheme Advisory Board – Annual Report**

- 5.2.1 On 13 June 2022, the Scheme Advisory Board published its annual report for 2021. The report provides a single source of information about the status of the LGPS for its members, employers and other stakeholders. The report collates information supplied by the 86 administering authorities, as at 31 March 2021.
- 5.2.2 The main highlights from the report are:
- Total membership increased by 1.08% to 6.226 million.
  - Total assets increase by 23.4% to £342 billion.
  - Local authority net return on investment from 1 April 2020 to 31 March 2021 was 20.56% (which was reflective of market conditions).
  - A positive cash flow was maintained overall (including investment income).
  - Over 1.8 million pensioners were paid.
  - Total management charges increased by £196 million (12.9%) primarily driven by a rise in investment management charges, while administration, oversight and governance costs remained broadly stable.
- 5.2.3 The full report can be found here [LGPS Scheme Advisory Board - Scheme Annual Report \(lgpsboard.org\)](https://lgpsboard.org).

### **5.3 Academy guarantee**

- 5.3.1 In 2013, the Government introduced the academy guarantee. The guarantee provides that in the event of an academy closing, any outstanding liabilities will not revert to the LGPS Fund.
- 5.3.2 Following a reassessment, the Government confirmed on 21 July 2022 in a written ministerial statement that it will continue to provide the academy guarantee.



5.3.2 Although there is no end date to the guarantee, the Government is committed to regularly reassessing it to determine whether it remains affordable and is fully recognised by administering authorities.

#### **5.4 Taskforce on Climate related Financial Disclosures (TCFD) consultation**

5.4.1 The Department for Levelling Up, Housing and Communities issued their TCFD consultation on 1 September 2022 for the LGPS in England and Wales.

5.4.2 The proposed requirements are similar to the current requirements for private pension schemes, although is slightly simplified and applies to LGPS of all sizes (rather than a phased approach for private pension schemes). The requirements will therefore apply to all LGPS funds from 2023/24 regardless of fund size.

5.4.3 The regulations are expected to be in force by April 2023 with the deadline for the first report being 1 December 2024.

5.4.4 The key proposals are summarised as follows:

- Governance – Administering Authorities (AAs) must establish and keep up to date processes to monitor risks and opportunities associated with climate change. This includes ensuring that officers and advisors also have processes in place.
- Strategy - AAs should include detail on their approach to assessing and managing climate related risks and opportunities in both their funding and investment strategies.
- Scenario analysis - AAs will be required to carry out two sets of scenario analysis, which is specific to their funding and investment strategies and must be carried out at least every three years. Importantly, this relates to the Fund’s assets and liabilities (not just their assets). One scenario must be the “Paris-aligned” scenario (which assumes an ultimate 1.5 to 2 degree temperature rise above pre-industrial levels) and the other scenario will be at the choice of the AA. Scenario analysis must be conducted at least once in each valuation period.
- Risk Management – AAs will be expected to establish and maintain a process to identify and manage climate-related risks and opportunities related to their assets. They will have to integrate this process into their overall risk management process.
- Metrics - There are four key metrics which need to be reported on. These relate to greenhouse gas emissions, the carbon footprint of fund assets, the quality of the available data on emissions, and a Paris-aligned metric requiring AAs to report the percentage of the value of their assets for which there is a public net zero commitment by 2050 or sooner.
- Targets - AAs will be expected to set a target in relation to one metric, the chosen metric may be one of the four mandatory metrics listed above, or any other climate related metric recommended by the TCFD. Progress against the target must be assessed once a year, and the target revised if appropriate.
- Approach to reporting - The AA should publish an annual Climate Risk Report, by 1 December of each year (starting 1 December 2024). This may be a standalone report, or a section in the AA’s annual report.
- Scheme Climate Risk Report - It is proposed that the Scheme Advisory Board should prepare an annual report linking to each Fund’s individual reports and aggregate figures for the 4 key metrics mentioned above.

5.4.5 The consultation closes on the 24 November 2022 and full details can be found [here](#).

#### **5.5 Recruitment for “All other employers’ representative” to the Pensions Committee**

5.5.1 The Northamptonshire Pension Committee includes a number of co-opted members representing the various stakeholders of the Fund in addition to elected members. Two of these co-opted member positions are for employer representatives for scheme employers in the Northamptonshire Pension Fund (other than North Northamptonshire Council and West Northamptonshire Council who already have representation on the Pension Committee).

- 5.5.2 One of these positions representing all other scheme employers is currently vacant and all active employers in the Fund have been contacted to nominate suitable candidates.
- 5.5.3 The closing date for the nominations was 21 October 2022.

## 5.6 Skills and knowledge opportunities

- 5.6.1 The Public Services Pensions Act 2013 and the Pensions Regulator’s Code of Practice (Governance and administration of public service pension schemes) require all members of the Pension Committee and Board to maintain the necessary skills and knowledge to undertake their role effectively.
- 5.6.2 In order to facilitate the acquisition of skills and knowledge for members of the Pension Committee and Board, appendix A lists the main events that are deemed useful and appropriate.
- 5.6.3 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)

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### 6.1 Resources and Financial

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

### 6.2 Legal

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

### 6.3 Risk

- 6.3.1 This report ensures on-going compliance with the above and that the Pension Board is up to date with:
- New or amending legislation affecting the LGPS;
  - Relevant activities of the LGPS Scheme Advisory Board and the Pensions Regulator that concern the governance of the (LGPS) on a national and local basis; and
  - Skills and knowledge opportunities.
- 6.3.2 The risks associated with the Pension Board not having the required level of knowledge and understanding have been captured in the Fund’s risk register as detailed below.

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

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

## **6.4 Relevant Pension Fund Objectives**

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

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

## **6.5 Consultation**

6.5.1 Not required.

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# Northamptonshire Pension Fund

## Appendix A

### Training plan 2022/23

Date	Training	Method of delivery	Delivered by	Target audience	Additional Information
<b>APR</b>					
<b>MAY</b>					
<b>JUN</b>	Valuation – Contribution rate setting	Presentation – face to face	Hymans	Committee & Board	
	Local Authority Conference 2022	Conference – face to face	Pension and Lifetime Savings Association (PLSA)	Committee, Board & Officer	<a href="#">Local Authority Conference   PLSA</a>
<b>JULY</b>	ESG Monitoring	Presentation – face to face	Mercer	Committee & Board	
	Investment Review	Presentation – face to face	Mercer	Committee & Board	
<b>AUGUST</b>					
<b>SEPTEMBER</b>	Investment and Pensions Summit	Conference – face to face	Local Government Chronicle (LGC)	Committee, Board & Officer	<a href="#">LGC Investment &amp; Pensions Summit 2022 - Home Page (lgcplus.com)</a>
	Passive Equity	Presentation	Schroders/Mercer	Investment Sub Committee	
<b>OCTOBER</b>	Valuation & Draft Funding Strategy Statement	Presentation – face to face	Hymans	Committee & Board	
	Responsible Investments	Presentation – virtual	Investments Team	Board	
<b>NOVEMBER</b>	The Pensions Regulator Code of Practice	Virtual training session	Aon/Officers	Committee & Board	Exact date to be confirmed

# Northamptonshire Pension Fund

## Appendix A

Date	Training	Method of delivery	Delivered by	Target audience	Additional Information
	Conflicts of Interest	Virtual training session	Aon/Officers	Committee & Board	Session to be held on 25 <sup>th</sup> November.
<b>DECEMBER</b>	Valuation – Finalised Funding Strategy Statement	Presentation – face to face		Committee & Board	
	Annual Conference 2022	Conference – face to face	Local Authority Pension Fund Forum (LAPFF)	Committee, Board & Officer	<a href="#">Events   25th LAPFF Annual Conference   LAPFF (lapfforum.org)</a>
<b>JANUARY</b>	Governance Conference	Conference – hybrid	Local Government Association (LGA)	Committee, Board & Officer	<a href="#">Events   Local Government Association</a>
<b>FEBRUARY</b>	Reporting breaches of the Law	Virtual training session	Officers	Officers	To be confirmed
<b>MARCH</b>	Valuation – Rates and Adjustment Certificate	Presentation – face to face	Hymans	Committee & Board	



**West Northamptonshire Council**

**Local Pension Board**

**3 November 2022**

**Mark Whitby – Head of Pensions**

<b>Report Title</b>	<b>Northamptonshire Pension Fund Business Plan and Medium-Term Strategy – Progress Update and Additional Business Plan Activities</b>
<b>Report Author</b>	Michelle Oakensen, Governance and Regulations Manager <a href="mailto:michelle.oakensen@westnorthants.gov.uk">michelle.oakensen@westnorthants.gov.uk</a>

**Contributors/Checkers/Approvers**

<b>Head of Pensions</b>	Mark Whitby	20 October 2022
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**List of Appendices**

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

Appendix B – Climate Action Plan

**1. Purpose of Report**

- 
- 1.1 Good governance requires that updates to the pre-agreed Annual Business Plan and Medium-Term Strategy are provided to the Board on a regular basis. This update highlights the progress made on the key activities for the period and seeks approval of the recommendations set out in section 3 below.

**2. Executive Summary**

- 
- 2.1 The Northamptonshire Pension Fund have for many years considered it good governance to have in place a Business Plan and Medium-Term Strategy that is agreed annually and regularly monitored by the Committee and Board.
- 2.2 The report summarises the progress made on each activity for the period under review.
- 2.3 Section 4 of this report provides a progress update for each business plan activity. The table below provides an overview of the RAG status of each activity.

Paragraph	Activity	RAG status
4.1	Extend the existing contract and re-tender for actuarial consultancy services	Green
4.2	Extend the existing contract and re-tender for benefits and governance consultancy services	Green
4.3	Extend existing contract and re-tender for legal services provider	Green
4.4	Re-tender for pensions administration and pensioner payroll platform	Green
4.5	Continue to develop the Fund's Cyber Strategy	Green
4.6	Review and implement changes required from the Pension Regulator's new Code of Practice	Amber
4.7	Review the administrative performance of the Fund's additional voluntary contribution providers	Amber
4.8	Implement the best practice recommendations of the Scheme Advisory Board's good governance review	Amber
4.9	Complete the Guaranteed Minimum Pension Rectification	Green
4.10	Application of the McCloud age discrimination remedy	Green
4.11	Processing of undecided leaver records	Amber
4.12	Complete the 2022 Valuation of the Pension Fund	Green
4.13	Prepare for the implementation of Pension Dashboards	Green
4.14	Continue development of the ACCESS asset pool	Green
4.15	Decarbonisation and improved stewardship reporting	Green
4.16	Review the Fund's Property Investment Strategy	Green
4.17	Review of website and digital communications	Amber
4.18 (NEW)	Review the Investment Strategy and Strategic Asset Allocation	Green
4.19 (NEW)	Private Equity Review	Green

- 2.4 Two new activities as described in paragraphs 4.18 and 4.19 have been added to the business plan. The Pension Committee approved these additional activities at the meeting of 12 October 2022.
- 2.5 The tables in appendix A provide an update of the Fund account, investment and administration income and expenditure against the cash flow projection outlined in the Annual Business Plan as agreed by the Pension Committee in March 2022. There are no material variances identified.
- 2.5 The link to the full Business Plan approved by the Committee in March 2022 is provided in section 7 for full context and reference.

### 3. Recommendations

- 3.1 The Pension Board is asked to:
- 3.1.1 note the Business Plan Update

### 4. Progress against business plan activities

#### Procurement of Services

#### 4.1 Extend the existing contract and re-tender for actuarial consultancy services

- 4.1.1 Activity: To extend the existing contract and re-tender for actuarial consultancy services currently with Hymans Robertson due to expire on 31 March 2024 (following extension).



Key Milestones	Dates	On target for completion?
Extend contract	January 2023	On target
Register to access national LGPS Frameworks	August 2023	On target
Draft specification of services required and associated documentation	August 2023 – September 2023	On target
Issue invitation to tender to suppliers on the Framework	October 2023	On target
Evaluate tender responses	November 2023 – December 2023	On target
Award contract	January 2024	On target

#### 4.1.2 Key milestone:

4.1.3 Update: No activity to report for the period.

#### 4.2 Extend the existing contract and re-tender for benefits and governance consultancy services

4.2.1 Activity: To extend the existing contract and re-tender for the supplier of benefits and governance consultancy services currently with Aon due to expire 31 March 2024 (following extension).

##### 4.2.2 Key milestones:

Key Milestones	Dates	On target for completion?
Extend contract	January 2023	On target
Register to access national LGPS Frameworks	January 2023	On target
Draft specification of services required and associated documentation	January 2023 – February 2023	On target
Issue invitation to tender to suppliers on the Framework	March 2023	On target
Evaluate tender responses	May 2023 – June 2023	On target
Award contract	July 2023	On target

4.2.3 Update: No activity to report for the period.

#### 4.3 Extend existing contract and re-tender for legal services provider

4.3.1 Activity: To extend the existing contract with Squire Patton Boggs to February 2024 and re-tender for a legal services provider.

##### 4.3.2 Key milestones:

Key Milestones	Dates	On target for completion?
Extend existing contract	January 2023	On target
Register to access national LGPS Frameworks	January 2023	On target
Draft specification of services required and associated documentation	July 2023 – August 2023	On target
Issue invitation to tender to suppliers on the Framework	September 2023	On target

Evaluate tender responses	October 2023 - November 2023	On target
Award contract	December 2023	On target

4.3.3 Update: No activity to report for the period.

#### 4.4 Re-tender for pensions administration and pensioner payroll platform

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

4.4.2 Key milestones:

Key Milestones	Dates	On target for completion?
Soft market testing and discussions with other Funds	April 2022 – December 2022	Complete
Obtain and complete National LGPS Framework documents	September 2022	Complete
Develop tender documents	January 2023 to March 2023	On target
Undertake framework procurement	April 2023 – September 2023	On target
Award contract to successful provider	October 2023	On target
Business process re-engineering and systems development (if new supplier)	October 2023 to September 2024	On target
Contract commences	October 2024	On target

4.4.3 Update: All relevant forms have been obtained from the National LGPS Frameworks and have been completed to allow access to the framework. The next stage is to develop the tender documents in line with the planned schedule. Consultation is under way with Procurement, Legal and Data Protection teams.

#### Core governance activities

#### 4.5 Continue to develop the Fund's Cyber Strategy

4.5.1 Activity: Cyber-crime continues to evolve and become increasingly sophisticated and as such the cyber strategy and action plan developed in 2021/22 will need to be regularly reviewed and new activities added as time goes on.

4.5.2 Key milestones:

Key Milestones	Dates	On target for completion?
Ongoing monitoring and development of the cyber strategy and action plan evidenced by a separate agenda item at each meeting of the Pension Committee and Local Pension Board.	2022/23	On target

4.5.3 Update: Activities on the cyber strategy, data and asset mapping, cyber security surveys for main suppliers and cyber security awareness training have all been completed. Updates on the hygiene guidelines, phishing exercise, cyber security surveys for other suppliers and incident response plan will be provided as a separate agenda item at this meeting.

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

4.6.1 Activity: The new code of practice was expected to come into force summer 2022 following a delay from the Pensions Regulator and the Fund will have six months to achieve full compliance with its contents.

4.6.2 Key milestones

Key Milestones	Dates	On target for completion?
Develop an action plan of changes required on launch of code of practice	Rescheduled to Autumn 2022 (Summer 2022)	Dependent upon release of the Code
Present action plan	Pension Committee - December (October) 2022 and Local Pension Board – January 2023 (November 2022)	Rescheduled based on the above
Present update on progress on action plan	Local Pension Board – April 2023 (February 2023) and Pension Committee –June 2023 (March 2023)	Rescheduled based on above

4.6.3 Update: The Pension Regulator’s new code of practice was due to come into force in November 2021 but has been postponed until Autumn 2022. Once the code comes into effect the Fund will have 6 months to achieve full compliance.

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

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

4.7.2 Key milestones:

Key Milestones	Dates	On target for completion?
Present to the Pension Committee the findings of the independent review alongside any recommendations for action	Estimated July 2022	Completed October 2022

4.7.3 Update: The Pension Committee approved the review of Legal and General and Prudential's administrative performance in 12 months at the meeting of 12 October 2022.

**4.8 Implement the best practice recommendations of the Scheme Advisory Board's good governance review**

4.8.1 Activity: There has been no further progress on any of the recommendations either by the Department for Levelling Up, Housing and Communities (DLUHC) or the Scheme Advisory Board (SAB).

4.8.2 Key milestones:

Key Milestones	Dates	On target for completion?
Develop an action plan to implement the best practice activities	May 2022	Dependent upon when the Scheme Advisory Board resume focus on the workplan
Present action plan and Conflicts of Interest Policy	Pension Committee December 2022/ Local Pension Board January 2023 (July 2022)	Rescheduled to allow for training prior to approving the Policy
Present update on progress on action plan	Local Pension Board February 2023/ Pension Committee – March 2023	Dependent upon SAB as above
Implementation of activities requiring SAB and DLUHC guidance	Dates to be confirmed upon receipt of further information	Dependent upon SAB as above

4.8.3 Update: There has been no activity from the SAB or DLUHC in this area since February 2021. Once the Scheme Advisory Board provides further details on the recommendations the Fund will develop an action plan. The approval of Conflicts of Interest Policy by the Pensions Committee has been rescheduled to December 2022 to allow for a training session to be held in advance.

**Scheme member and data projects**

**4.9 Complete the Guaranteed Minimum Pension Rectification**

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

4.9.2 Key milestones:

Key Milestones	Dates	On target for completion?
Manual rectification of outstanding records	April 2022 – March 2023	On target

4.9.3 Update: At September 2022, approximately 550 cases requiring rectification of a scheme member's pension in payment remain outstanding. The project remains on target to complete by 31 March 2023.

#### 4.10 Application of the McCloud age discrimination remedy

4.10.1 Activity: To rectify the pension records of scheme members within scope of the McCloud ruling following the implementation of the age discrimination remedy once legislation is in place.

4.10.2 Key milestones:

Key Milestones	Dates	On target for completion?
Data sheets returned from scheme employers	February 2022 – April 2022	Completed
Data sheets checked by Fund	May 2022 – July 2022	Completed
Uploading of revised scheme member data	August 2022 – March 2023	In progress
Devise communication plan for scheme members and scheme employers	November 2022	On target
Undertake scheme member record preparations to identify in scope members in readiness for the application of the underpin	April 2023 – September 2023	On target
Application of the revised underpin following release of amended LGPS Regulations	October 2023 onwards	On target

4.10.3 Update: DLUHC have recently announced that they expect draft regulations to be issued in late 2022, followed by a consultation in early 2023. As a result, this activity has been realigned accordingly and several new milestones added. This activity is being run on a full project basis with a number of separate workstreams and a detailed project plan.

#### 4.11 Processing of undecided leaver records

4.11.1 Activity: To reduce the backlog by 2,500 cases per year for the next 3 years from a baseline of approximately 9,000 at the beginning of April 2022.

4.11.2 Key milestones:

Key Milestones	Dates	On target for completion?
Re-baseline project	April 2022	Completed
Reduce cases by 2,500	April 2022 – March 2023	On target
Reduce cases by a further 2,500	April 2023 – March 2024	On target
Reduce cases by a further 2,500 to a business as usual baseline	April 2024 – March 2025	On target

4.11.3 Update: At 31 August 2022, the number of unprocessed leavers ringfenced as backlog had decreased by approximately 900 from the baseline in April 2022. However, the service has not been able to keep on top of business as usual (BAU) cases meaning some have become aged and therefore the overall number of cases >6 months old has only decreased immaterially. Further resource is being added to the BAU team and bulk processing was rolled out to this team in September 2022.

#### 4.12 Complete the 2022 Valuation of the Pension Fund

4.12.1 Activity: The valuation date is 31 March 2022, and the work is carried out during 2022/23 with results to be published by 31 March 2023. New employer contribution rates will be effective from 1 April 2023.

4.12.2 Key milestones:

Key Milestones	Dates	On target for completion?
Provision, validation and sign-off of valuation data	July 2022 – August 2022	Complete
Provision of whole Fund results by Fund Actuary	September 2022	Complete
Discuss whole Fund results with Committee	October 2022	On target
Committee to approve Funding Strategy Statement for consultation	October 2022	On target
Funding Strategy Statement issued for consultation	November 2022	On target
Issue draft employer results and contribution strategies to scheme employers	November 2022 to December 2022	On target
Committee to approve final Funding Strategy Statement	December 2022	On target
Consultation and discussions with employers to agree contribution strategies	December 2022 – February 2023	On target
Publication of final valuation report and certified contribution rates	31 March 2023	On target

4.12.3 Update: All valuation activities are on target or completed. Membership data has been provided to the actuary, reviewed, and signed off for use in the valuation. An update on the Valuation will be presented as a separate agenda item at this meeting.

#### 4.13 Prepare for the implementation of Pension Dashboards

4.13.1 Activity: To prepare for the implementation of Pension Dashboards by 30 September 2024.

#### 4.13.2 Key milestones:

Key Milestones	Dates	On target for completion?
Work with the Pensions Administration Software supplier to connect to a Pensions Dashboard by the deadline of 30 September 2024.	April 2022 – September 2024	On target
Devise project plan and workstreams to prepare for connection to the Dashboard with clean value data.	October to November 2022	On target
Connect to the Pension Dashboard	By 30 September 2024	On target
Provide value data to the Pension Dashboard	By 1 April 2025	On target

4.13.3 Update: Recently issued draft regulations have extended the staging date for LGPS Funds to connect to a Pensions Dashboard to 30 September 2024 to allow for the remedial work of McCloud to be completed. Data must be available on the Dashboard by 1 April 2025. The release of the draft regulations has provided more detailed information as to what is required of Pension Funds and as such this activity has been initially rescoped. It is expected that this activity will be rescoped further once a project plan has been established.

#### Investment related activities

#### 4.14 Continue development of the ACCESS asset pool

4.14.1 Activity: The ACCESS asset 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 several years.

#### 4.14.2 Key milestones:

Key Milestones	Dates	On target for completion?
Transition into the new Multi Asset Credit sub fund	By 31 March 2023	On target
Produce plan for investing in illiquid assets in the pooled solution	By 31 March 2023	On target

4.14.3 Update: Following data collection and analysis on non-listed assets by MJ Hudson across ACCESS pool members, Real Estate (Property) has been approved by the ACCESS Joint Committee (AJC) as the first asset class to be progressed. Hampshire County Council have been appointed as the procurement lead and procurement documents have been developed and are currently being finalised. MJ Hudson have prepared a document, for consideration by ACCESS pool members, detailing the proposed running order for the procurement of remaining non-listed asset classes.



#### 4.15 Decarbonisation and improved stewardship reporting

4.15.1 Activity: During 2022/23 the Fund is planning to commence the transition to a more sustainable portfolio by reviewing its passive equities mandates and commence Task Force on Carbon-Related Financial Disclosures (TCFD) reporting. The Fund will also prepare its first submission under the UK Stewardship Code.

##### 4.15.2 Key milestones:

Key Milestones	Dates	On target for completion?
Draft TCFD report to be included in Fund annual report	December 2022	In progress
Commence implementation of decarbonisation changes to passive and active equity mandates	December 2022	On target
Draft Stewardship Code submission presented to the Investment Sub Committee	March 2023	On target

4.15.3 Update: It was agreed with the Pensions Committee that the Fund's TCFD position will be reported within the 21/22 Statement of Accounts which is currently being finalised.

The Fund has developed a Climate Action Plan which includes approved decarbonisation targets to reduce carbon emissions with the aim of achieving net zero by 2050 or earlier. Progress against the Plan is shown in Appendix B.

Implementation of decarbonisation changes to passive mandates is progressing well with new passively managed options presented to Investment Sub-Committee members in September, with a decision planned for the November Sub-Committee meeting. Active equity fund managers have been engaged with and made aware of the intentions of the Fund.

#### 4.16 Review the Fund's Property Investment Strategy

4.16.1 Activity: 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.

##### 4.16.2 Key milestones:

Key Milestones	Dates	On target for completion?
Report on strategy review presented to Investment Sub Committee	November 2022	On target
Implement required asset class changes from property review	December 2022 – March 2023	On target
Communicate Fund's new requirements to the ACCESS illiquid asset programme	December 2022	On target

4.16.3 Update: A property portfolio review covering the target split across real estate styles, sectors, geographies, and implementation route/timeline was presented at the September 2022 ISC for consideration. This review will help shape the Fund’s Property Investment Strategy and feed into the Fund’s overall Investment Strategy Review which will agree target allocations across all asset classes.

### Communications

#### 4.17 Review of website and digital communications during 2022/23

4.17.1 Activity: The Fund’s web offering will be reviewed to assess whether the website is still fit for purpose and alternative options available to meet the needs of the Fund’s stakeholders.

4.17.2 Key milestones:

Key Milestones	Dates	On target for completion?
Initial engagement with key stakeholders and agreement of project objectives	April 2022 – June 2022	Completed (August) – Delay from initial target date due to resource constraints within the WNC Digital team.
Review of initial engagement including mapping of user journeys and key insights	July 2022 – August 2022	Completed
Investigation into any identified “pain points” identified by user groups and identification of any further areas for improvement	Rescheduled to September – October 2022 (August 2022 - September 2022)	On target
Stakeholder demonstration of new user journeys and prototype web pages/functions	Rescheduled to October – November 2022 (September 2022 – October 2022)	On target
Presentation of key recommendations to officers	Rescheduled to November – December 2022 (October 2022 – November 2022).	On target
Present outcomes and recommendations to Committee	March 2023	On target

4.17.3 Update: Due to resource constraints within the WNC Digital team the timeline has been pushed back a month but is still on target to report back to the Board in March 2023. At the initial engagement meeting the key objectives, project team roles, communication methods, high level timeline and stakeholder mapping were agreed. Workshops were held throughout August to identify areas of use, struggle, and need / like-to-have for each website for the Fund’s stakeholders.

## New Activities following approval of the 2022/23 Business Plan

### 4.18 Review the Investment Strategy and Strategic Asset Allocation

4.18.1 New Activity: The Fund must review and amend its strategic investment strategy in consultation with the s 151 officer as required pursuant to section 4.8 Section 1.3 (e) (k) of the Constitution and will undertake a strategic asset allocation (SAA) once the outcomes of the triennial valuation process is known. This will ensure the Fund's investment approach is appropriately aligned with its funding strategy and that the Fund can pay liabilities as they fall due over time.

It is proposed for this review to be undertaken with the Pensions Committee, supplemented by virtual training where required.

#### 4.18.2 Key milestones:

Key Milestones	Dates	On target for completion?
Development of revised Investment Strategy/SAA by officers and advisors	November to December 2022	On target
Investment Strategy Training to Pensions Committee	January 2023	On target
Revised Investment Strategy/SAA approved by Pensions Committee	March 2023	On target
Implementation of revised Investment Strategy	2023 onwards	On target

4.18.3 Costs: The estimated consultancy costs of the review including training is £12.5k. These costs were included in the agreed governance costs for the year, as part of the Business Plan budget approved in March 2022

4.18.4 Update: This is a future activity

### 4.19 Private Equity Review

4.19.1 New Activity: The Fund has a strategic asset allocation (SAA) for Private Equity of 5% within an overall allocation to Alternative assets of 25%. To maintain this the Fund must make regular private equity commitments.

To ensure the continued suitability of the portfolio, a deeper fundamental portfolio review covering exposures, risks and opportunities needs to be undertaken. This will also include modelling of expected commitment levels and deployment rates.

#### 4.19.2 Key milestones:

Key Milestones	Dates	On target for completion?
Private Equity Portfolio Review	December 2022 to January 2023	On target
Investment Sub Committee approve future private equity commitments	February 2023	On target
Implementation of agreed private equity commitments	March 2023 onwards	On target

4.19.3 Costs: The estimated consultancy costs of the review and commitment planning is £15k, with expected minor input into implementation billed at time-cost. These costs were included in the agreed governance costs for the year, as part of the Business Plan budget approved in March 2022.

4.19.3 Update: This is a future activity.

#### **4 Issues and Choices**

5.1 The Pension Committee approved the Business Plan and Medium-Term Strategy 2022/23 on 30 March 2022. Officers are seeking the approval of as further two business plan activities in line with the previously approved budget.

### **6 Implications (including financial implications)**

#### **6.1 Resources and Financial**

6.1.1 The financial estimates and associated budgets included with the Business Plan and Medium-Term Strategy were approved by the Pension Committee on 30 March 2022.

6.1.2 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.

#### **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

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

#### **6.4 Relevant Pension Fund Objectives**

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

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

#### **6.5 Consultation**

6.5.1 Not applicable.

### **7. Background Papers**

7.1 [Northamptonshire Pension Fund Business Plan and Medium-Term Strategy](#)

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

Fund Account	2022/23 Estimate	2022/23 Forecast	Variance	Comments
	£000	£000	£000	
Contributions	(120,000)	(123,000)	(3,000)	Contributions in line with current membership numbers
Transfers in from other pension funds	(8,500)	(9,000)	(500)	Demand led
<b>Total income</b>	<b>(128,500)</b>	<b>(132,000)</b>	<b>(3,500)</b>	
Benefits payable	108,000	108,000	-	
Payments to and on account of leavers	8,500	9,500	1,000	Demand led
<b>Total Payments</b>	<b>116,500</b>	<b>117,500</b>	<b>1,000</b>	
<b>Net (additions)/withdrawals from dealings with members</b>	<b>(12,000)</b>	<b>(14,500)</b>	<b>(2,500)</b>	
Management Expenses	3,645	3,670	25	See below
<b>Total income less expenditure</b>	<b>(8,355)</b>	<b>(10,830)</b>	<b>(2,475)</b>	
Investment income	(26,000)	(26,000)	-	
Taxes on income	-	-	-	
(profit) and losses on disposal of investments and changes in the market value of investments	(127,000)	220,400	347,400	Actual Q2 return followed by actuarial long term growth assumption
Net return on investments	<b>(153,000)</b>	<b>194,400</b>	<b>347,400</b>	
Net (increase)/decrease in the net assets available for benefits during the year	<b>(161,355)</b>	<b>183,570</b>	<b>344,925</b>	

Management Expenses	2022-23 Estimate	2022-23 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	2,331	2,419	88	See below
Total Governance Expenses	834	767	(67)	Forecasts for legal and actuarial fees are currently lower than expected
Total Investment Invoiced Expenses	480	484	4	
<b>Total Management Expenses</b>	<b>3,645</b>	<b>3,670</b>	<b>25</b>	

Administration Expenses Analysis	2022-23 Estimate	2022-23 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	1,458	1,544	86	Budget based on estimated 22/23 pay rates, higher than expected pay awards received. Expected vacancies to be filled during the next quarter
Altair administration and payroll system	329	329	-	
Data assurance	45	45	-	
Communications	39	39	-	
Other Non-Pay and Income	15	17	2	Bank charges are higher than expected
County Council Overhead Recovery	445	445	-	
<b>Total Administration Expenses</b>	<b>2,331</b>	<b>2,419</b>	<b>88</b>	

**Climate action plan****Calendar year****Quarter 1 2022**

Agree decarbonisation pathway and targets that align the beliefs and ambitions of the Investment Sub Committee (ISC). The ISC agreed target reductions in absolute carbon emissions of the Fund's listed equity holdings of at least: <ul style="list-style-type: none"> <li>• 25% from June 2021 baseline by 2024</li> <li>• 59% from June 2021 baseline by 2030</li> </ul>	✓
Communicate agreed targets and aspirations to investment managers	✓
Instruct advisers to investigate high level approaches to climate aware passive equity investing	✓
Publish Climate Action Plan	✓

**Quarter 2/3 2022**

ISC receive training on strategic options to decarbonise the Pension Fund's active equity portfolio, including setting targets for existing managers and considering sustainable and impact equity and/or UN Sustainable Development Goals (SDG) alignment	✓
ISC receive report on high level climate aware passive equity options	✓

**Quarter 3/4 2022**

Receive implementable proposal on carbon aware passive equity portfolio	
ISC review and approve the Pension Fund's initial report complying with the requirements of the Task-Force on Climate-Related Financial Disclosures (TCFD)	
Engage with existing active equity managers around decarbonisation approaches	
Engage with private asset managers to improve carbon data provision for portfolios and increased ESG integration	
Engage with ACCESS on sustainable/impact equity managers (based on Committee preferences following Q2 discussion)	
Consider draft UK Stewardship Report ahead of submission to FRC	
Implement carbon aware passive equity in Q4 2022	

**2023**

ISC consider proposals to include fixed income portfolio including Multi-Asset Credit (MAC) and credit portfolios in climate reporting and target setting	
ISC receive report on availability of data and approach on alternatives assets	
ISC consider proposals for impact investing	
Continuation of the work with active managers to implement carbon reduction measures and increase the sustainability of the portfolios they manage	

## 2024

ISC consider feasibility of including Scope 3 within emissions reduction reporting and targets	
ISC consider proposals to extend climate reporting and target setting to private asset classes	
ISC review progress made to date against targets and reset short-term and long-term targets	
Pension Committee consider appropriateness of decarbonisation pathway and refine based upon experience to date	
Continuation of the work with active managers to implement carbon reduction measures and increase the sustainability of the portfolios they manage	



# Northamptonshire Pension Fund Board Agenda Plan

Meeting date	Agenda item	Lead officer
3/11/2022	Minutes 30/6/2022 and Action Log	J Findlay
	Administration Report [standing item]	M Oakensen
	Business Plan Update [standing item]	M Whitby
	Governance and Compliance Report [standing item]	M Oakensen
	Risk Monitoring [standing item] exempt	M Oakensen
	Internal Audit [to note]	M Whitby
	ACCESS Update [standing item] exempt	M Whitby
	Climate Change Action Plan [to note] exempt	M Whitby
	Cyber Resilience [standing item] exempt	M Oakensen
	Funding Strategy Statement and Valuation results [to note] exempt	C Blose
	Pension Committee Minutes	J Findlay
26/1/2023	Minutes 3/11/2022 and Action Log	J Findlay
	Administration Report [standing item]	J Kent
	Business Plan Update [standing item]	M Whitby
	Governance and Compliance Report [standing item]	M Oakensen
	Risk Monitoring [standing item] exempt	M Oakensen
	Cyber Resilience [standing item] exempt	M Oakensen

Meeting date	Agenda item	Lead officer
	ACCESS Update [standing item] exempt	M Whitby
	Overpayment of Pension Policy [pre scrutiny]	M Oakensen
	Communication Strategy and Plan [pre scrutiny]	C Blose
	Conflicts of Interest Policy [post scrutiny]	M Oakensen
	Final accounts & ISA 260 [to note]	B Barlow
	Pension Committee Minutes	J Findlay
27/4/2023	Minutes 3/11/2022 and Action Log	J Findlay
	Administration Report [standing item]	M Oakensen
	Business Plan Update [standing item]	M Whitby
	Governance and Compliance Report [standing item]	M Oakensen
	Risk Monitoring [standing item]	M Oakensen
	Cyber Resilience [standing item] exempt	M Oakensen
	ACCESS Update [standing item] exempt	M Whitby
	Annual Business Plan and Medium-Term Strategy [post scrutiny]	M Whitby
	Review of website and digital communications [to note]	C Blose
	Code of Practice Action Plan [to note]	M Oakensen
	Good Governance Review Action Plan [to note]	M Oakensen
	Administration Strategy [post scrutiny]	C Blose



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