



Pensions Fund Committee

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

Agenda

1.	Apologies for Absence and Notification of Substitute Members
2.	Declarations of Interest Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.
3.	Minutes (Pages 5 - 10) To confirm the Minutes of the meeting of the Committee held on 12 December 2022.
4.	Chair's Announcements To receive communications from the Chair.
5.	Administration Report (Pages 11 - 22)
6.	Governance and Compliance Report (Pages 23 - 32)
7.	Annual Business Plan and Medium-Term Strategy (Pages 33 - 70)
8.	Overpayment of Pension Entitlement Policy (Pages 71 - 114)
9.	Communication Strategy and Plan (Pages 115 - 150)

10.	Employers Admissions and Cessations (Pages 151 - 156)
11.	Northamptonshire Pension Fund Forward Agenda Plan (Pages 157 - 158)
12.	<p>Exclusion of Press and Public</p> <p>The following report(s) contain exempt information as defined in the following paragraph(s) of Part 1, Schedule 12A of Local Government Act 1972.</p> <p>Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information).</p> <p>Members are reminded that whilst the following item(s) have been marked as exempt, it is for the meeting to decide whether or not to consider each of them in private or in public. In making the decision, members should balance the interests of individuals or the Council itself in having access to the information. In considering their discretion members should also be mindful of the advice of Council Officers.</p> <p>Should Members decide not to make a decision in public, they are recommended to resolve as follows:</p> <p>“That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item(s) of business on the grounds that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part I, Paragraph(s) 3 would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”</p>
13.	<p>Private Minutes (Pages 159 - 166)</p> <p>To confirm the Private Minutes of the meeting of the Committee held on 12 December 2022.</p>
14.	Valuation Update (Pages 167 - 262)
15.	Investment Strategy Review (Pages 263 - 312)
16.	ACCESS Update (Pages 313 - 334)
17.	<p>Urgent Business</p> <p>The Chairman to advise whether they have agreed to any items of urgent business being admitted to the agenda.</p>

Proper Officer
21 March 2023

Pensions Fund Committee Members:

Councillor Malcolm Longley (Chair)	Councillor Charles Morton (Vice-Chair)
Councillor Phil Bignell	Councillor Lloyd Bunday
Councillor Paul Joyce	Councillor Jamie Lane
Councillor Graham Lawman	Councillor Peter Matten
Councillor Cathrine Russell	Robert Austin
Peter Borley-Cox	Paul Wheeler
John Wignall	

Information about this Agenda

Apologies for Absence

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

Declarations of Interest

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

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

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

Evacuation Procedure

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.

Access to Meetings

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

Please ensure that any device is switched to silent operation or switched off.

Queries Regarding this Agenda

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

Tel: 07391411365

Email: democraticservices@westnorthants.gov.uk

Or by writing to:

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



Pensions Fund Committee

Minutes of a meeting of the Pensions Fund Committee held at on Monday 12 December 2022 at 4.00 pm.

Present	Councillor Malcolm Longley (Chair) Councillor Charles Morton (Vice-Chair) Councillor Graham Lawman Robert Austin Peter Borley-Cox Paul Wheeler
Apologies for Absence:	Councillor Phil Bignell Councillor Lloyd Bunday Councillor Paul Joyce Councillor Jamie Lane Councillor Peter Matten Councillor Cathrine Russell John Wignall
Also Present	Ciaran McLaughlin, Grant Thornton
Officers	Mark Whitby, Head of Pensions James Smith, Assistant Director - Finance (Strategy) Ben Barlow, Funding and Investment Manager Cory Blose, Employer Services and Systems Team Manager Fiona Coates, Pension Services Financial Manager Michelle Oakensen, Governance and Regulations Manager Maisie McInnes, Democratic Services Officer

120. **Declarations of Interest**

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

121. **Minutes**

The minutes of the previous meeting held on 12 December 2022 were agreed as a true and accurate record of the meeting.

122. **Chair's Announcements**

There were none.

123. **Action Log**

RESOLVED: That the Pension Fund Committee noted the verbal update that there were no outstanding actions on the action log.

124. **Administration Report**

At the Chair's invitation, the Governance and Regulations Manager summarised the report and highlighted the important updates were contained in section 5 of the report. In terms of KPIs, service performance had been consistently good with 4 amber ratings which the Governance and Regulations Manager explained was the result of resourcing and system issues creating a backlog of work. The Governance and Regulations Manager was pleased to report a continued 100% rate of employer contributions paid on time.

There were two breaches of the law to report, one that had been verbally reported at the last Pensions Fund Committee relating to the 23 annual allowance pension saving statements that were not issued by the statutory deadline. The second breach related to 3 refunds of contribution payments and no further action was being taken in relation to this breach as currently awaiting amended legislation regarding the removal of the 5 year period.

In relation to Internal Dispute Resolution Procedure cases, there were two disputes one related to incorrect conversion options through member self-service and the second was a non-payment of survivor's pension to a co-habiting partner due to ineligibility. The first case was at stage 2 awaiting adjudication and the second was awaiting adjudication at stage 1 both due around late December.

The Governance and Regulations Manager concluded her report and invited members to ask questions.

RESOLVED: The Pension Fund Committee noted the contents of the report.

125. **Governance and Compliance Report**

At the Chair's invitation, the Governance and Regulations Manager presented the report and explained that the Pensions Dashboards Regulations 2022 as discussed at the last Pensions Fund committee was debated in parliament on 15 November 2022. The DWP had responded to further consultations and agreed they would give pension schemes six months' notice before pensions dashboards become live. The Governance and Regulations Manager explained that this had increased from the previous 90-day notice that was proposed. A survey had been undertaken which found that 57% of people surveyed were likely to use pension dashboards. The dashboard ecosystem was currently in testing stages with any errors being flagged

early to ensure the experience for the rest of the pension industry is positive at the respective connection dates.

The Governance and Regulations Manager summarised the update with the Taskforce on Climate related Financial Disclosures (TCFD) and explained the Pension Fund had submitted their response with broad agreement to the proposals. In October the Pensions Regulator had published a revised enforcement policy which set out the revised enforcement policy, updated prosecution policy and new enforcement strategy. The Governance and Regulations Manager highlighted the full documents that were linked in section 5.3.1.5 of the report.

In terms of scam prevention, the Regulator had published a new strategy to combat pension scams which aimed to educate people and encourage prevention. The Governance and Regulations Manager explained that there was an increase in pension scams with the cost of living crisis and an increase in the number of people wanting to draw money from their pensions earlier. The team were consistently reviewing controls and would continue to be vigilant.

The Governance and Regulations Manager welcomed Paul Wheeler to the Pensions Fund committee and reported that the Committee vacancy had now been filled and highlighted the training plan in appendix A.

Members thanked the Governance and Regulations Manager for the update report and asked if the TCFD were expected to set a penalty for Pension Funds not hitting their target date. The Head of Pensions responded that there would not be a financial penalty and funds were expected to assess their targets continually.

RESOLVED: That the Pension Fund Committee noted the report.

126. **Business Plan Update Report**

The Head of Pensions presented the report and explained that the table on page 28 demonstrated the business plan activity and Red/Amber/Green (RAG) status. A few of the ratings had changed from amber to green following the previous meeting relating to implementing changes from the Code of Practice and best practice recommendations from the good governance review. The Head of Pensions explained the review of website and digital communication was amber whilst the team undertook activity updating the website and processing of undecided leaver records was also amber due to Business As Usual (BAU) resourcing in the team. The third and final area related to Guaranteed Minimum Pension Rectification; this was a niche specialism and one person was being reallocated to this project in the New Year. The Head of Pensions assured members that he had approached other pension funds about their progress on GMP rectification and they were in a similar situation.

Members discussed the report and resourcing needs of the pension fund. The Head of Pensions said this area was a pressure area and may need extra resourcing in the future but was being monitored. Members discussed the increase in leavers with the

current economic climate. The Head of Pensions commented that there was an increase in deferred beneficiaries with members taking their pension payments early.

RESOLVED: That the Pensions Fund committee noted the Business Plan update.

127. **Conflicts of Interest Policy**

At the Chair's invitation, the Governance and Regulations Manager presented the report and explained that the need for a conflicts of interest policy was identified as part of the good governance review that recommended that each fund should publish a fund-wide conflicts of interest policy in addition to the administering authority pecuniary interests. On 25 November members attended a training session delivered by AON explaining the policy further and giving an opportunity for members to raise questions. The policy requires members and key officers to make declarations annually and these declarations to be recorded on the Northamptonshire Pension Fund Conflicts of Interest Register. Members and key officers would be expected to raise any potential conflicts of interest at the appropriate time between official review points.

Members discussed the report.

RESOLVED: That the Pensions Fund committee approved the Northamptonshire Pension Fund Conflicts of Interest policy.

128. **Pension Fund Annual Report and Statement of Accounts 2021-22**

At the Chair's invitation, the Funding and Investment Manager presented the report and explained that page 64 highlighted the changes made to the draft such as the tweaked membership numbers. He explained the external audit process had gone well and it was the first year working with Grant Thornton on the ISA260. There was one misstatement relating to the 3-year valuation which Ciaran McLaughlin would explain further. He concluded that the report would be presented to the Audit and Governance Committee in January and would not be officially signed off until the sign-off of the Council's full accounts.

The Funding and Investment Manager then invited Ciaran McLaughlin GT, to comment. He explained that he was happy with the reporting position and the misstatement related to the level 3 valuation which occurred as sometimes the valuation can be received after the preparation of the statement of accounts.

The Chair thanked the Funding and Investment Manager and the Pension Services Financial Manager for their hard work.

RESOLVED: That the Pensions Fund committee:

- a) Approved the Annual Report of the Pension Fund for the 2021-22 financial year;**
- b) Noted the final Statement of Accounts and;**
- c) Noted the findings of external audit documented in the ISA260.**

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

The Governance and Regulations Manager presented the forward plan and explained that she aimed for the Code of Practice Action plan to come to the March meeting, but the team were still awaiting national guidance. The Governance and Regulations Manager agreed to keep the Chair updated with progress ahead of the next meeting.

RESOLVED: That members noted the Northamptonshire Pension Fund Forward Agenda plan.

130. **Exclusion of Press and Public**

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

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

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

134. **Urgent Business**

There were no items of urgent business.

The meeting closed at 5.00 pm

Chair: _____

Date: _____

This page is intentionally left blank



West Northamptonshire Council

Pension Fund Committee

29/3/2023

Mark Whitby – Head of Pensions

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

Contributors/Checkers/Approvers

MO	Sarah Hall on behalf of Catherine Whitehead	21/3/2023
S151	James Smith on behalf of Martin Henry	7/3/2023
Head of Pensions	Mark Whitby	20/2/2023

List of Appendices

Appendix A – Performance against key performance indicators

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

Appendix C – Proposed development of Key Performance Indicators during 2023/2024

1. Purpose of Report

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

2. Executive Summary

- 2.1 This report sets out the performance of the Northamptonshire Pension Fund on the following areas of administration:
- 2.1.1 The achievement against the Key Performance Indicators for the period 1 November 2022 to 31 January 2023 (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 January 2022 to December 2022 (appendix B). 100% of payments were received on time.
- 2.1.3 Occurrences of breaches of the law for the period 1 November 2022 to 31 January 2023 (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 November 2022 to 31 January 2023 (section 5.4). There were no employer authority disputes raised.
- 2.1.5 Occurrences of material data breaches for the period of 1 November 2022 to 31 January 2023 (section 5.5). There were no material data breaches in the period.
- 2.1.6 Details of any significant overpayment of pension for the period 1 November 2022 to 31 January 2023 (section 5.6). There were no significant overpayments in the period.

3. Recommendations

- 3.1 The Pension Committee is asked to:
 - 1) approve the proposed development of Key Performance Indicators during 2023/2024 (see section 5.1.2)
 - 2) note the contents of the report.

4. Report Background

- 4.1 Pursuant to s 101 of the Local Government Act 1972 and the Council's Constitution section 4.8 Para 1.1 the Pension Fund Committee's remit includes responsibility for dealing with all matters relating to the Northamptonshire Pension Fund Local Government Pension Scheme.
- 4.2 One of the core functions of the Pension Committee is to ensure the effective and efficient governance and administration of the Northamptonshire Pension Fund. This report demonstrates a number of key areas of administration performance for consideration by the Pension Committee.

5. Issues and Choices

5.1 Key Performance Indicators

5.1.1 Pension Service performance against Key Performance Indicators

- 5.1.1.1 The Pension Committee has in place a set of key performance indicators (KPIs) to assess the performance of the Pensions Service in the delivery of key items of casework. The actual performance against these KPIs for the period 1 November 2022 to 31 January 2023 can be found in appendix A along with the explanations for any underperformance.
- 5.1.1.2 Over the 3-month period, service performance has been consistently good with all targets being met with the exception of three.
- 5.1.1.3 In January the target was missed for the payment of retirement benefits from active employment due to inexperience within the team and additional training required. Going forward as the newer members become more experienced this will resolve.
- 5.1.1.4 In November the target was missed for providing a transfer quote in for a scheme member and in December the target was missed for transfer out payments. Both targets were missed due to recalculations not being allocated and prioritised accordingly. The team which covers both areas has been reminded to highlight any additional checking required to ensure targets are met.

5.1.2 Proposed changes to Pension Service Key Performance Indicators

- 5.1.2.1 Following a comprehensive review of the current Key Performance Indicators, supplementary KPIs are being recommended to measure the member's overall customer journey. These supplementary KPIs will be developed and implemented during 2023-24, subject to the approval of the Committee.
- 5.1.2.2 The current suite of KPIs will continue to be reported as these measure the performance of the administering authority, generally from the point of receipt of all information. The customer journey KPIs will measure performance from an event date, such as the date of retirement, and therefore encompass the performance of the administering authority, the scheme employer,

any payroll contractor, other pension funds, and even the scheme member should they delay in sending back documentation.

5.1.2.3 It is expected that the customer journey KPIs may identify immaterial breaches, especially where third parties have prevented the administering authority completing casework in a timely manner.

5.1.2.1 The detail of these proposals can be found in Appendix C.

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 January 2022 to 31 December 2022.

5.2.3 In October, November and December 2022 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 99.9%.

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 November 2022 to 31 January 2023 having regard to the above, the following breaches of the law occurred.

Type of breach	Detail of breach	Course of action
Material	None	None
Non-material	6 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.
	1 refund of contribution payment paid to a member over the age of 75	Unauthorised payment made with the member electing to self-declare to the HMRC.
	197 notification of pension entitlement letters were not issued within the statutory deadline of 2 months.	The breaches occurred as a result of a change in reporting method. An upgraded report is now being utilised and there have been no new breaches as a result. All letters have been issued.

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.

5.4.1 The following table details that activity undertaken during the period 1 November 2022 to 31 January 2023 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.	Adjudication sent 23 December 2022, complaint not upheld.
Non-payment of survivor's pension to co-habiting partner due to ineligibility.	Adjudication sent 21/12/2022, not upheld. Regulations do not allow a survivor's payment to be made to a cohabitee where member left Scheme before 1998.	
Disputing recipients of death grants paid	Adjudication sent 27 January 2023, not upheld (extended from 22/1/2023).	
Claim of maladministration in paying pension and AVCs	Adjudication sent 10 February 2023, upheld.	
Disputing NCC's refusal to pay ill health pension on ill health grounds	Adjudication sent 17 January 2023, not upheld.	

5.4.2 In the period 1 November 2022 to 31 January 2023 no employing authority dispute were either raised and/or responded to.

5.5 Material Data Breaches

5.5.1 None.

5.6 Significant overpayments of pension

5.6.1 None.

6 Implications (including financial implications)

6.1 Resources and Financial

6.1.1 Aon conducted the Key Performance Indicator review.

6.2 Legal

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

6.3 Risk

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

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

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

[Northamptonshire Risk Register](#)

6.4 Relevant Pension Fund Objectives

6.4.1 The following objectives 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.

This page is intentionally left blank

Appendix A - Key Performance Indicators – November, December 2022 and January 2023.

Function/Task	Indicator	Target	Month	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Notify leavers of deferred benefit entitlement.	Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information.	90%	November	186	183	3	98	Green	SLA target met
			December	230	215	15	93	Green	SLA target met
			January	301	283	18	94	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%	November	38	36	2	95	Green	SLA target met
			December	19	19	0	100	Green	SLA target met
			January	30	27	3	90	Amber	SLA target not met*
Payment of pension benefits from deferred membership status.	Notify members retiring from deferred membership status of benefits award, from date payable or date of receiving all necessary information if later within 10 working days.	90%	November	75	72	3	96	Green	SLA target met
			December	44	41	3	93	Green	SLA target met
			January	53	48	5	91	Green	SLA target met
Award dependant benefits	Issue award within 5 working days of receiving all necessary information.	95%	November	29	29	0	100	Green	SLA target met
			December	24	24	0	100	Green	SLA target met
			January	34	34	0	100	Green	SLA target met
Provide a maximum of one estimate of benefits to employees per year on request	Estimate in agreed format provided within 10 working days from receipt of all information.	80%	November	43	38	5	88	Green	SLA target met
			December	39	35	4	90	Green	SLA target met
			January	15	12	3	80	Green	SLA target met

Appendix A - Key Performance Indicators – November, December 2022 and January 2023.

Provide transfer-in quote to scheme member	Letter issued within 10 working days of receipt of all appropriate information.	95%	November	29	26	3	90	Amber	SLA target not met**
			December	47	45	2	96	Green	SLA target met
			January	66	66	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%	November	24	24	0	100	Green	SLA target met
			December	27	24	3	89	Amber	SLA target not met**
			January	3	3	0	100	Green	SLA target met

* Payment of retirement benefits from active employment - In January the target was missed due to inexperience within the team and additional training required. This will resolve as the new members become more experienced.

** Provide transfer-in quote to scheme member (November) & payment of transfer out (December) – the respective targets were missed due to recalculations not being allocated and prioritised accordingly. The team has been reminded to highlight any additional checking required to ensure targets are met.

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
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
September 2022	100	0	100	0
October 2022	100	0	99.5	0.5
November 2022	100	0	99.8	0.2
December 2022	100	0	100	0
Average for period	100	0	99.9	0.1

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

This page is intentionally left blank

Appendix C – Proposed development of Key Performance Indicators during 2023/2024

Activity	Statutory deadline	Current reporting	Proposal
Provide basic scheme information to new joiners	2 months from date of joining / members request or within 1 month of being provided with 'Job holder information'	No specific KPI but breaches are identified and reported	To introduce a new KPI measured from the date of notification.
Inform members who leave the scheme before retirement age of their rights and options	As soon as practical and no more than 2 months from date of initial notification	Measured from the date that all relevant information is received.	To introduce a supplementary KPI measured from date of notification.
Inform members who leave the scheme at or after retirement age of the benefits due	Within 1 month of retirement date where the member retires on or after normal pension age or within 2 months of retirement where the member retires before normal pension age	Measured from the date that all relevant information is received.	To introduce a supplementary KPI measured from date of notification.
Provide transfer details for transfer in	2 months from date of request	Measured from the date that all relevant information is received.	To introduce a supplementary KPI measured from date of request.
Provide details of transfer value for transfer out	3 months from date of request	Measured from the date that all relevant information is received.	To introduce a supplementary KPI measured from date of request.
Calculate and notify dependant(s) of amount of death benefits	As soon as possible, but in any event no more than 2 months of date or becoming aware of death	Measured from the date that all relevant information is received.	To introduce a supplementary KPI measured from date of death notification.
Provide a CETV quotation for divorce purposes	Within 3 months of the request (or shorter deadline as specified in a court order)	Not currently reported on. There is a target in the Administration Strategy.	To introduce a new KPI measured from date of request.
Notify implementation information after	Within 21 days of the later of, the date of receipt of the pension sharing order or	Not currently reported on.	To introduce a new KPI measured from the relevant date.

Appendix C – Proposed development of Key Performance Indicators during 2023/2024

receiving a pension sharing order (and no outstanding information)	the day on which the order takes affect or the date of receipt of the relevant documents / information.		
--	---	--	--



West Northamptonshire Council

Pension Fund Committee

29/03/2023

Mark Whitby – Head of Pensions

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

Contributors/Checkers/Approvers

MO	Sarah Hall on behalf of Catherine Whitehead	21/3/2023
S151	James Smith on behalf of Martin Henry	7/3/2023
Head of Pensions	Mark Whitby	20/2/2023

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 Fund Committee with information on the following significant current issues which have an impact on the governance, management and administration of the Northamptonshire Pension Fund.
- Pensions Dashboards
 - The McCloud Remedy
 - The Pensions Regulator
 - The Pensions Ombudsman
 - Impact of The Edinburgh Reforms on the LGPS
 - CARE Revaluation Consultation
 - Skills and knowledge opportunities

3. Recommendations

- 3.1 The Pension Fund Committee is asked to:

- 1) note the Governance and Compliance Report
- 2) approve the Training Strategy amendment to reflect the current core mandatory training approach (see section 5.7)

4. Report Background

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

5. Issues and Choices

5.1 Pensions Dashboards

5.1.1 Approach to governance of the standards

5.1.1.1 The Pensions Dashboard Programme (PDP) recently published its approach to the governance of the standards. This sets out how PDP developed the standards, outlines their scope and describes how they will go about setting and managing any future changes.

5.1.1.2 The content of the standards are structured as follows –

- Standards and guidance that participants will implement, this includes data, design, reporting and technical
- Standards and guidance for connecting to the ecosystem, this includes security, service, connection, operations.

5.1.1.3 The full approach to governance of standards can be found [here](#).

5.1.2 Consultation on regulatory framework for dashboard operators

5.1.2.1 On 1 December 2022, the Financial Conduct Authority (FCA) published a consultation on the regulatory framework for dashboard operators. Under these proposals, operators will be able to offer savers additional services that have the potential to improve pension outcomes. These could include investment advice (including robo-advice) or guidance, modellers, calculators and other similar tools. Before doing so, operators will need to meet rigorous conduct standards.

5.1.2.2 The consultation was primarily aimed at firms that are considering operating a pensions dashboard service and who will need to get the new regulatory permission in order to enter this new market but is also of interest to pension providers who are required to supply pension information to the pension dashboard service for members to view.

5.1.2.3 The consultation closed on 16 February 2023.

5.1.3 Deferred connection guidance published

5.1.3.1 On 12 December 2022, the Department for Work and Pensions (DWP) published guidance on how to defer connection to pensions dashboards. Administering authorities must connect to the dashboards ecosystem within a connection window of 1 September 2024 to 30 September 2024. Authorities can apply to defer this in limited circumstances. Authorities must do so before 11 December 2023, though DWP requests this is done as soon as possible.

5.1.3.2 If an application for deferral is granted, DWP will specify the date of the new deadline in a written notice. The deadline will be no more than 12 months after the original connection deadline.

5.1.3.3 Depending upon the outcome of the Northamptonshire Pension Fund Administration Software procurement this option may need to be considered as the new contract start date will be 1 October 2024.

5.1.4 Early connection guidance updated

5.1.4.1 On 21 November 2022, the PDP published updated statutory guidance on early connection. Administering authorities must connect to the dashboards ecosystem within a connection window from 1 September 2024 to 30 September 2024. Integrated service providers (ISP) may ask authorities to consider connecting earlier to reduce the number of clients connecting within the same window. If an authority wishes to connect early, it must apply to MaPS, who will consult with the Pensions Regulator before deciding.

5.1.4.2 The updated statutory guidance on early connection can be found [here](#).

5.1.5 PDP publishes consumer protection video

5.1.5.1 In the context of pensions dashboards, consumer protection is the action to minimise consumer harm, including redress for consumers if things do go wrong. It covers the design and operation of the ecosystem, compliance with regulations, rules and standards, as well as the way in which consumers will use dashboards.

5.1.5.2 The PDP is responsible for providing the central digital architecture, ie the elements that make dashboards work and the overall ecosystem design. PDP is also setting the security, technical and design standards that define how users' data may be securely shared within the ecosystem and displayed. This is to ensure compliance with the UK General Data Protection Regulation (UK GDPR).

5.1.5.3 PDP recently published an explainer video on consumer protection. The video explains what protections will be in place to ensure dashboards are safe and secure. The video can be found on consumer protection page of PDP's website [here](#).

5.1.6 Current dashboard developments

5.1.6.1 A verbal update will be provided at the meeting of the latest developments following DWPs announcement to the reset the Pension Dashboard Programme and the delay to connection deadlines.

5.2 McCloud Remedy

5.2.1 Teachers Pension Scheme McCloud remedy and the LGPS

5.2.1.1 The implementation of the McCloud remedy in the Teachers' Pension Scheme (TPS) means that some teachers will be retrospectively eligible for the LGPS for the period from 1 April 2015 to 31 March 2022.

5.2.1.2 The Department for Education (D f E) is in the process of identifying affected members. Officials from D f E will, in some cases, need to confirm the employment status of members during the remedy period with their employer.

5.2.1.3 Affected TPS members are those with a part time employment in addition to a full-time employment who are being rolled back into the legacy scheme as part of the McCloud remedy.

5.2.2 Treasury Direction

5.2.2.1 On 14 December 2022, HM Treasury (HMT) made the Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022. They come into force on 19 December 2022 and apply to England, Northern Ireland, Scotland and Wales.

5.2.2.2 The Directions set out how certain powers in the Public Service Pensions and Judicial Offices Act 2022 must be exercised. The Act gives relevant government departments powers to rectify McCloud discrimination.

For the LGPS, the Directions apply to the following powers in the Act:

- Section 82: an administering authority's power to pay compensation
- Section 83: the power to make regulations compensating members by paying

additional LGPS benefits

- Section 84(1)(a): the power to make regulations setting out how interest should be calculated and paid on amounts due to the McCloud remedy, and
- Section 84(1)(B): the power to make regulations setting out the process to follow for paying amounts due to the McCloud remedy.

5.2.2.3 The making of the Directions now allows relevant departments to start consulting on regulations exercising these powers.

5.2.3 Update on McCloud data issues guidance

5.2.3.1 LGA have produced guidance to assist administering authorities with McCloud data issues. The guidance sets out what options administering authorities in England and Wales may consider if they are unable to collect the data needed to implement the McCloud remedy. It covers both missing data and data the authority is not confident is accurate.

5.2.3.1 The Scheme Advisory Board issued guidance on 3 March 2023.

5.2.3.2 The McCloud data issues scoping group was set up to inform this guidance. The group has met three times and includes representatives from:

- each of the regional pension officer groups
- LGA
- actuaries
- Department for Levelling Up, Housing and Communities
- Department of Communities
- Scottish Public Pensions Agency, and
- the Government Actuary's Department.

5.3 The Pensions Regulator (TPR)

5.3.1 Joint regulatory strategy update

5.3.1.1 On 7 December 2022, TPR and the Financial Conduct Authority published an update to their 2018 joint regulatory strategy. The strategy sets out how the two bodies work together to tackle issues in the pensions sector.

5.3.1.2 The 2018 joint regulatory strategy, has tackled the real risk of people not having the level of income they expected in retirement. The future outlook is to now we build on this work to enhance and protect savers' outcomes.

5.3.1.3 The update outlines their progress on the strategy's regulatory objectives and next steps in light of their new respective strategic priorities. The update sets out eight ongoing workstreams covering:

- productive finance
- value for money
- regulatory framework for effective stewardship
- pension scams strategy
- defined benefit (DB) transfer advice
- D B schemes and transfer activity
- pensions dashboards
- supporting consumer decision-making.

5.3.1.4 The full updated strategy can be found [here](#).

5.3.2 New version of transfer guidance

5.3.2.1 On 12 January 2023, TPR published a new version of the Dealing with transfer requests guidance, with updates made to the 'Direct members to mandatory guidance from MoneyHelper' section.

5.3.2.2 The guidance assists pension schemes when applying the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021.

5.3.2.3 When telling members they must receive guidance about scams from MoneyHelper,

schemes should provide a link to book online or by telephone. The guidance now makes it clearer that members must use this link to book a MoneyHelper safeguarding guidance appointment. Otherwise, they may accidentally book a Pension Wise appointment or obtain general MoneyHelper advice.

5.3.2.4 The guidance also asks pension schemes to advise members who are transferring multiple pensions to wait until they have requested all transfers before booking their MoneyHelper safeguarding guidance appointment. This will avoid them having to book more than one.

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

5.3.3 [TPR appoints new chief executive](#)

5.3.3.1 TPR has appointed Nausicaa Delfas as its new chief executive. She will take over from Charles Counsell who will remain in post until March 2023. Ms Delfas joins TPR having held senior positions with the Financial Conduct Authority and the Financial Ombudsman Service.

5.4 [The Pensions Ombudsman \(TPO\)](#)

5.4.1 [Deputy Pensions Ombudsman](#)

5.4.1.1 On 9 December 2022, the chair of TPO announced that Anthony Arter will remain at TPO as part time Deputy Pensions Ombudsman. Anthony's term as Pensions Ombudsman ended on 15 January 2023.

5.4.2 [New Pensions Ombudsman appointment](#)

5.4.2.1 Domonic Harris is the new Pension Ombudsman from 16 January 2023 as appointed by the Secretary of State, with a term of five years.

5.5 [Impact of The Edinburgh Reforms on the LGPS](#)

5.5.1 On 9 December, the Chancellor of the Exchequer announced a set of reforms to drive growth and competitiveness in the financial services sector. In the statement, the Chancellor also confirmed that the Government will consult on:

- new guidance to the LGPS on asset pooling in early 2023
- requiring LGPS funds to ensure they are considering investment opportunities in illiquid assets such as venture and growth capital, as part of a diversified investment strategy.

5.6 [CARE Revaluation Consultation](#)

5.6.1 The Department for Levelling Up, Housing and Communities (DLUHC) issued a consultation on 10th February 2023 to change the date that revaluation is applied to CARE benefits in the LGPS, in order to better align the inflation proofing arrangements with the Pension Input period used for assessing pensions growth against annual allowance.

5.6.2 The change will come into force on 31st March 2023 and considerations will need to be made in respect of software updates that need to be applied, communicating the change to members in line with disclosure regulations and remedial work that will need to be undertaken. Scheme literature and the website will also need to be reviewed to ensure it reflects the correct position.

5.6.3 The changes will not affect members who were already deferred or in receipt of a pension since before 1st April 2022 as their benefits now increase by Pension Increase orders rather than Treasury revaluation, and the changes proposed by this consultation have no impact on Pensions Increase or the date on which it applies.

- 5.6.4 Members who are affected (those who have been active at any point during 2022/23) won't see any change to the benefits they receive on retirement. The only area in which a change will be seen is in the calculation of pensions growth to assess against the annual allowance, and this will be beneficial for those members affected by the annual allowance due to bringing the revaluation date in line with the Pension Input Period.
- 5.6.5 The consultation closed on 24th February 2023 and the Northamptonshire Pension Fund submitted a response.
- 5.7 Skills and knowledge opportunities
- 5.7.1 The Public Services Pensions Act 2013 and the Pensions Regulator's Code of Practice (Governance and administration of public service pension schemes) require all members of the Pension Fund Committee to maintain the necessary skills and knowledge to undertake their role effectively.
- 5.7.2 Officers have been exploring the possibility having access to a LGPS Online Learning Academy platform to ensure that there is a continuous solution that members can access in a flexible way which remains fit for purpose as the content is regularly updated and this has been discussed at previous meetings.
- 5.7.3 The Northamptonshire Pension Fund will have access to the platform for Committee and Board members as well as for key Officers. The online platform will be the core mandatory training requirement from the previous modules delivered in 2021 by Aon (and associated links) and section 11 of the Training Strategy (delivery of training) will be updated accordingly following Pension Fund Committee approval.
- 5.7.4 A demonstration of the platform was delivered on 6 March 2023 to assist with the adoption of this approach.
- 5.7.5 In addition, in order to facilitate the acquisition of skills and knowledge for members of the Pension Fund Committee, appendix 1 lists the main events that are deemed useful and appropriate.
- 5.7.6 If members of the Pension Fund Committee would like to attend any of the events listed in appendix A, please contact a member of the Fund's governance team who will make the necessary arrangements if an invitation has not already been sent.

6 Implications (including financial implications)

6.1 Resources and Financial

- 6.1.1 There are no resources or financial implications arising from the 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 The Constitution Section 4.8 para 1.3 states that the Pension Committee has "Authority to develop and maintain a skills and knowledge framework for all Pension Committee and Investment sub-committee members and for all officers of the Fund including;
- (i) Determining the Fund's knowledge and skills framework;
 - (ii) Identifying training requirements;
 - (iii) Developing training plans; and

- (iv) Monitoring attendance at training events.

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

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

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

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

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

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.

This page is intentionally left blank

Northamptonshire Pension Fund

Appendix A

Training plan 2023/24

Date	Training	Method of delivery	Delivered by	Target audience	Additional Information
APR					
MAY					
JUN	Local Authority Conference 2023	Conference – face to face	Pension and Lifetime Savings Association (PLSA)	Committee, Board & Officer	26-28 Local Authority Conference PLSA (Cotswolds)
JULY					
AUGUST					
SEPTEMBER	Investment and Pensions Summit	Conference – face to face	Local Government Chronicle (LGC)	Committee, Board & Officer	TBC
OCTOBER					
NOVEMBER					
DECEMBER	Annual Conference 2022	Conference – face to face	Local Authority Pension Fund Forum (LAPFF)	Committee, Board & Officer	6-8. Details TBC
JANUARY	Governance Conference	Conference – hybrid	Local Government Association (LGA)	Committee, Board & Officer	18 & 19 January 2024 (online/York)
FEBRUARY					
MARCH					

This page is intentionally left blank



West Northamptonshire Council

Pension Fund Committee

29/3/2023

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund - Business Plan and Medium-Term Strategy 2023/24
Report Author	Mark Whitby Head of Pensions mark.whitby@westnorthants.gov.uk

Contributors/Checkers/Approvers

West MO	Sarah Hall on behalf of Catherine Whitehead	21/3/2023
West S151	James Smith on behalf of Martin Henry	7/3/2023
Head of Pensions	Mark Whitby	28/2/2023

List of Appendices

Appendix A – Northamptonshire Pension Fund Business Plan and Medium-Term Strategy 2023/24

Appendix B – Yearend status of Business Plan activities for 2022/23

Appendix C - Variances against the forecast of investments and admin expenses for 2022/2023

Appendix D - Climate Action Plan 2023/24

1. Purpose of Report

- 1.1. To present to the Pension Committee the Northamptonshire Pension Fund Business Plan and Medium-Term Strategy 2023/24.

2. Executive Summary

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

- Sets out the objectives of the administering authority with regards to the management of the Fund;
- Documents the priorities and improvements to be implemented during the next three years to help achieve those objectives;
- Enables progress and performance to be monitored in relation to those priorities; and
- Provides a clear vision for the next three years.

3. Recommendations

- 3.1 The Pension Committee is asked to:
- 1) note the status of the 2022/23 business plan activities and current financial position (see section 5.1)
 - 2) approve the contents of the Business Plan and Strategy 2023/24 (see section 5.2)
 - 3) a) approve a change in the Committee review cycle for Fund Strategies and Policies to a standardised 3-year review cycle (or as and when required should Regulations or other factors necessitate an earlier review of the Fund Strategy or Policy) (see section 5.3)
b) delegate to the Head of Pensions the approval of non-material amendments to Fund Strategies and Policies between triennial reviews (see section 5.3)
 - 4) approve the delegation for the Head of Pensions to progress the procurements within the Business Plan and award contracts to the successful suppliers (see section 5.4)

4. Report Background

- 4.1 It is considered good governance for the Northamptonshire Pension Fund to adopt a Business Plan and Medium-Term Strategy that:
- Sets out the objectives of the administering authority with regards to the management of the Fund;
 - Documents the priorities and improvements to be implemented during the next three years to help achieve those objectives;
 - Enables progress and performance to be monitored in relation to those priorities; and
 - Provides a clear vision for the next three years.
- 4.2 The proposed Business Plan and Medium-Term Strategy for the Northamptonshire Pension Fund for the period 2023/24 to 2025/26 is in Appendix A.

5. Issues and Choices

- 5.1 Update on the 2022/23 Business Plan
- 5.1.1 The Business Plan activities from the 2022/23 financial year have been reviewed with a yearend position being established. The majority of activities have achieved a 'green' RAG status whereby the activity is either completed or it was pre-determined that the activity would be completed after March 2023/24.
- 5.1.2 There were two exceptions where the RAG status was 'red' in the following areas –
- Complete the Guaranteed Minimum Pension Rectification
 - Processing of undecided leaver records
- These activities did not progress at the desired rate for 2022/23 and have been rescheduled as part of the 2023/24 Business Plan for resolution.
- 5.1.3 Full details of the yearend position of all the activities can be located in Appendix B.
- 5.1.4 The latest available variances against the forecast of investments and administration expenses for the 2022/23 year can be located in appendix C.

5.2 Business plan and Medium-Term Strategy 2023/24

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

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

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

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

5.2.4 The Climate Action Plan for 2023/24 is located at Appendix D. The Climate Action Plan has been updated and expanded from the previously published version. If agreed as part of the approval of the Business Plan activities, the new version will be published on the Fund's website.

5.3 Core documents of the Fund

5.3.1 The Fund is required to publish core documents in relation to the administration of the Fund and make sure that they are accessible to its members. The proposal in the Business Plan is to introduce a three-year Committee review cycle (unless stated otherwise) on policies and strategies with the delegated authority for Officers to review within the interim period and make non material amendments as required.

5.3.2 If material changes are required to a policy or strategy before the three-year review point, the changes will be brought to the Committee for approval at the next available meeting, for example this may be where regulations have changed which impacts the fundamental basis of a policy or strategy in place.

5.4 Pension Fund procurements

5.4.1 During 2023-24 the Northamptonshire Pension Fund will be actively participating in procuring services in the following areas –

- Actuarial services
- Benefits and governance consultancy services
- Legal services
- Pensions administration and pensioner payroll platform
- Address and mortality screening services

5.4.2 In order to run the exercises efficiently the Committee is asked to approve the delegation for the Head of Pensions to undertake these procurements and award the successful supplier's contracts at the appropriate times. Without the delegation in place there is a risk that decisions are not made in a timely manner and may impact the overall implementation dates.

6 Implications (including financial implications)

6.1 Resources and Financial

6.1.1 Performance against the financial estimates in the Business Plan will be presented to the Pension Committee each meeting. The Business Plan sets out the cost of each activity where known or where costs become known during the course of the year, the Pension Committee 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 have been captured in the Fund's risk register as detailed below -

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

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

[Northamptonshire Risk Register](#)

6.4 Relevant Pension Fund Objectives

6.4.1 The following objectives have been considered in this report -

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

6.5 Consultation

6.5.1 Not applicable.

7 Background Papers

7.1 Not applicable

Business Plan and Medium Term Strategy

2023/24 to 2025/26

Introduction

This is the business plan for the Northamptonshire Pension Fund which is managed and administered by West Northamptonshire Council. The business plan details the priorities and areas of key focus in relation to the Northamptonshire Pension Fund for 2023/24, 2024/25 and 2025/26. The business plan was approved at the Pension Committee meeting on xx/xx/xxxx. The business plan is monitored throughout the year and the Pension Committee may be asked to agree changes to it.

The purpose of the business plan is to:

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

In addition, the business plan includes a budget for expected payments to and from the Northamptonshire Pension Fund during 2023/24 including the resources required to manage the Fund.

Further information

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

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

Background to the Northamptonshire Pension Fund

The Northamptonshire Pension Fund is a £3.37bn* Local Government Pension Fund which provides retirement and death benefits for local government employees (other than teachers) in Northamptonshire and employees of other qualifying bodies which provide similar services.

The Fund's total membership* is approximately 76,519 of which 24,055 are active members from over 300* individual contributing employers and approximately 52,464 retired, survivor, deferred and other members.

**As at 31 March 2022*

Governance and management of the Fund

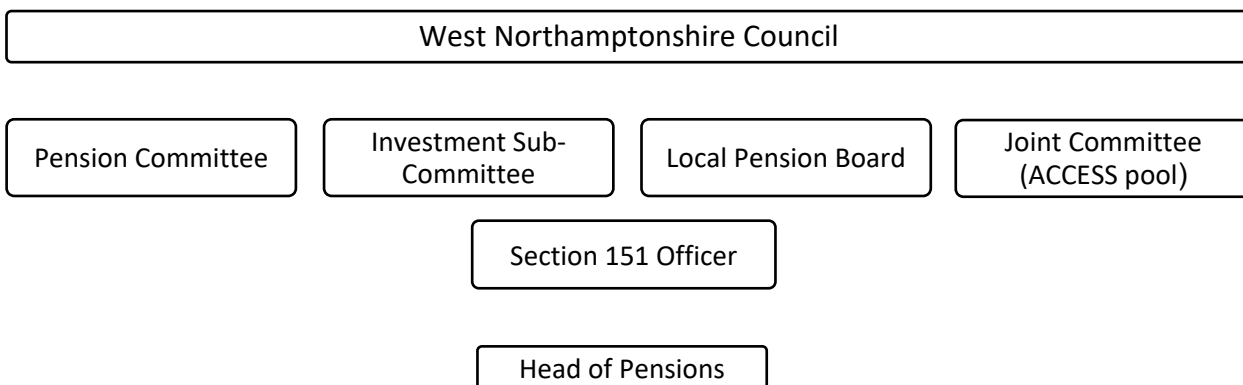
The key decision-making and management of the Fund has been delegated by West Northamptonshire Council (the administering authority) to a formal Pension Committee, supported by an Investment Sub-Committee that looks at the operational governance of investment issues.

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

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

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

The governance structure is detailed below:



Administration of the Fund

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

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

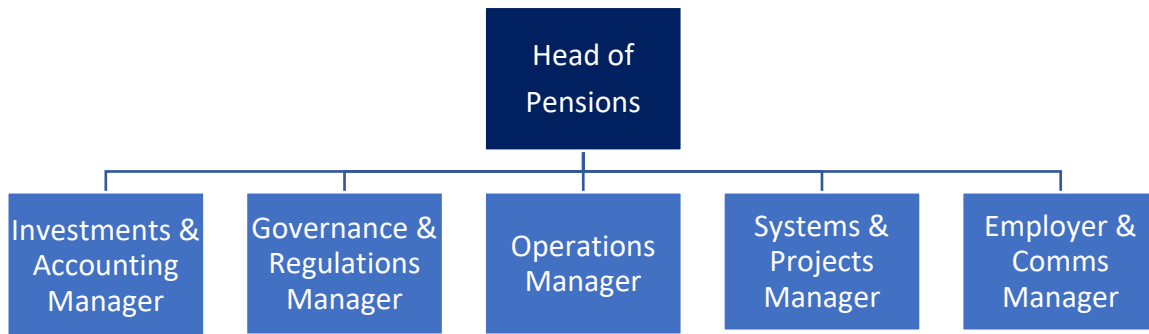
The day-to-day operations of the Fund are managed by the Head of Pensions who is supported by five teams:

- The Governance and Regulations Team is responsible for managing agendas, producing reports and delivering training to the Pension Committee and Local Pension Board. In addition, the team takes the lead in the development of strategic policies relating to the operation, governance and management of the Fund and monitors compliance and provides quality assurance with prevailing LGPS specific and overriding legislation. The team specialises in information governance and pension taxation.
- The Investments and Fund Accounting Team liaises with the ACCESS asset pool and provides governance over the Fund's investments whether held directly or by the ACCESS pool, reporting to the Investment Sub-Committee and other Committees as required. The team also provides the financial control function to the Fund, managing and accounting for the receipt of contributions from employers, processing the Fund's financial transactions and overseeing the production and audit of the Annual Report and Statement of Accounts.

The Operations Team is responsible for providing the full range of casework administration. The team delivers a service that includes the calculation of retirement, deferred, death and survivor benefits, transfers in and out, refunds and member record maintenance.

- The Systems & Projects Team is responsible for deliver a wide range of projects that are required to be delivered across the service. The current projects that are being delivered are GMP rectification, overseas proof of existence checks on pensions in payment, data quality improvements, preparations for the McCloud remedy and targeted areas of casework classified as backlog. The team is also responsible for maintaining the pension administration, payroll, employer and member self-service systems, reconciling membership data received from employers and the production of annual benefit statements.
- The Employer Services and Communications Team is responsible for facilitating the entry and exit of employers to and from the Fund. The team also acts as employer liaison, providing end to end support to employers throughout their life cycle in the Fund, including day to day assistance and training to ensure employers are aware of and able to carry out their responsibilities. The team also manages the internal and external escalation process, the triennial actuarial valuation process and managing employer risk. Scheme member and employer communications form a significant part of the team's function which ranges from the design and management of the Fund's website, presentations, workshops, newsletters and written communications.

The structure of the Pensions Service which provides administration services to both the Cambridgeshire Pension Fund and the Northamptonshire Pension Fund, as at 28 February 2023 is illustrated below in simplified form:



The current full time equivalent of staffing is 87.16. The full Pensions Service structure is at Appendix A.

Objectives for the management of the Fund

The Fund’s agreed objectives are detailed as follows;

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

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

Business as usual

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

- Paying pension benefits to beneficiaries as prescribed by the LGPS Regulations.
- Ensuring employers provide monthly membership data by the required deadline.
- Communicating with scheme members about their membership of the Fund.
- Ensuring all pension contributions that are paid by active members are received as prescribed by the LGPS.
- Ensuring all employers pay their pension contributions.
- Safeguarding the money in the Fund (the Fund’s assets).
- Investing any Fund assets that are in excess of those needed to pay immediate benefits.
- Working with the Fund Actuary to ensure that the amount employers pay into the Fund is sufficient to pay future pension benefits.
- Managing this on a day-to-day basis involves a wide range of processes and procedures designed around achieving the Fund’s objectives. The Fund is large, complex, and highly regulated. As such these processes and procedures require expert knowledge and experience as illustrated below.

Governance

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

Accountancy

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

Funding

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

Investments

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

Administration

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

Payroll

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

Communication

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

Technical

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

Challenges and influences over the next three years

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

- Preparation and delivery of the McCloud remedy
- Implementation of Pension Dashboards.
- Other new and amending legislation impacting the Scheme, including the currently revoked £95k exit cap
- Implementation of the Scheme Advisory Board's Good Governance Review findings
- The increased oversight by the Pensions Regulator and the issuance of the new singular code of practice where compliance must be achieved within 6 months.
- The requirement to rectify member contracted out data held by the scheme with that held by HMRC.
- The increasing number of scheme members affected by the government's pensions tax regime and reducing allowances on pension savings.
- The ongoing implementation of the government's requirements to pool LGPS pension fund assets with other Funds, including the evidencing of savings.
- Maintaining the skills and knowledge of officers and Committee and Board members
- The increasing number of scheme employers due to alternative provision models within the local government universe.
- Finding innovative and digital ways of working for the benefit of the Fund, the member and the scheme employer to achieve the Fund's strategies on administration, communication and employer engagement.
- The increasing scrutiny and transparency on data quality.
- To stay ahead of the increasingly sophisticated challenges presented by cyber-crime.
- The risk of members being exposed to potential scams and the increasing requirements of the Fund to provide protection against this.
- The need to manage the climate risk within the Fund's investment portfolio as well as meet future statutory reporting requirements.

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

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

Core documents of the Fund

The Fund is required to publish core documents in relation to the administration of the Fund and make sure that they are accessible to its members.

Policies and strategies are reviewed by the Pension Committee on a three-year cycle (unless stated otherwise) to ensure they remain relevant and fit of purpose. Officers review all policies and strategies on an annual basis to ensure they remain fit for purpose and apply non material amendments. If there are any material changes required for circumstances such as meeting a statutory obligation, to reflect process changes or following regulatory updates then Committee approval is required before the three-year formal review point.

All policy and strategy updates are presented to the Local Pension Board in addition to the Pension Committee in either a pre or post scrutiny capacity for best practice and enhanced governance oversight.

These documents are listed in the table below and can also be found on the [Pension Service website](#) –

Annual Report and Statement of Accounts*
Administering Authority Discretions
Administration Strategy
Admission Bodies, Scheme Employers and Bulk Transfer Policy
Annual Business Plan and Medium-Term Strategy*
Anti-Fraud and Corruption Policy
Cash Management Strategy
Cessations Policy
Climate Action Plan*
Communications Plan*
Communications Strategy
Conflicts of Interest Policy
Cyber Strategy – not published
Data Improvement Policy
Data Improvement Plan*
Funding Strategy Statement
Governance Policy and Compliance Statement
Investment Strategy Statement
Overpayment of Pension Policy
Payment of Employee and Employer Pension Contributions Policy
Reporting Breaches of the Law to the Pensions Regulator
Risk Register**
Risk Strategy
Training Strategy

*Annual Committee review required

**Biannual Committee review required

Budget

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

Cash flow projection 2022/23 to 2023/24

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

	2022/23 Budget	2022/23 Forecast	2023/24 Budget	2024/25 Budget	2025/26 Budget
	£000	£000	£000	£000	£000
Contributions ¹	(120,000)	(124,000)	(117,000)	(118,000)	(122,000)
Transfers in from other pension funds ²	(8,500)	(12,000)	(10,500)	(11,000)	(12,000)
TOTAL INCOME	(128,500)	(136,000)	(127,500)	(129,000)	(134,000)
Benefits payable ³	108,000	108,000	118,000	122,000	127,000
Payments to and on account of leavers	8,500	11,000	10,000	11,000	12,000
TOTAL PAYMENTS	116,500	119,000	128,000	133,000	139,000
Net (additions)/withdrawals from dealings with members	(12,000)	(17,000)	500	4,000	5,000
Management expenses (invoiced)	3,645	3,820	4,078	4,163	4,445
Management expenses (non-invoiced) ⁴	-	12,600	13,100	13,800	14,400
TOTAL MANAGEMENT EXPENSES	3,645	16,420	17,178	17,963	18,845
TOTAL INCOME LESS EXPENDITURE	(8,355)	(580)	17,678	21,963	23,845
Investment income ⁵	(26,000)	(26,000)	(31,000)	(32,000)	(33,000)
Taxes on income.	-	-	-	-	-
(profit) and losses on disposal of investments and changes in the market value of investments ⁶	(127,000)	232,400	(138,000)	(144,000)	(151,000)
NET RETURN ON INVESTMENTS	(153,000)	206,400	(169,000)	(176,000)	(184,000)
Net (increase)/decrease in net assets available for benefits during the year	(161,355)	205,820	(151,322)	(154,037)	(160,155)

¹ Contributions have been calculated using the Employer contribution rate which has decreased in 2023/24 following the 2022 Valuation and salary increase assumptions of 3.2% set by the actuary.

² Transfers in/out have been calculated using an average of 3 years (excluding group transfers).

³ 2023/24 benefits payable have been calculated using average membership increases, estimated PI of 10.1% and pension increases assumptions of 2.7% set by the actuary in subsequent years. These do not match to the actuary's projections in 2023/24 as they've assumed all active members past retirement age will retire +1 year after valuation date.

⁴ Management expenses (non-invoiced) have been added to improve financial reporting and align the expenses with the statutory accounts. The 2022/23 forecasted figure was added part way through the year hence a budget was not previously stated.

⁵ Investment income have been calculated by applying the actuarial assumption of investment growth +4.4% per annum.

⁶ Return on Investments have been calculated by applying the actuarial assumption of investment growth +4.4% per annum. Return on investments in 2022/23 have been calculated using actual performance to December 2022 -7.9% plus one quarter applying the actuarial assumption of investment growth.

Management Expenses

	2022/23 Budget	2022/23 Forecast	2023/24 Budget	2024/25 Budget	2025/26 Budget
	£000	£000	£000	£000	£000
Total administration expenses	2,331	2,478	2,784	2,848	2,958
Total governance expenses	834	882	814	814	964
Total investment expenses	480	460	480	501	523
TOTAL MANAGEMENT EXPENSES	3,645	3,820	4,078	4,163	4,445

Administration Expenses

	2022/23 Budget	2022/23 Forecast	2023/24 Budget	2024/25 Budget	2025/26 Budget
	£000	£000	£000	£000	£000
Staff related	1,458	1,608	1,819	1,877	1,937
Altair administration and payroll system	329	348	397	421	446
Data Assurance	45	25	21	9	9
Communications	39	31	51	22	22
Other non pay and income	15	21	29	29	29
County Council overhead recovery	445	445	467	490	515
TOTAL ADMINISTRATION EXPENSES	2,331	2,478	2,784	2,848	2,958

Delivering the business plan

Monitoring and reporting

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

The updates will:

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

Risk Management

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

The table below lists the Fund's highest rated risks as of February 2023. The executive summary can be found on the Fund's website: [Northamptonshire Pension Fund Risk Register](#)

Risk	Residual risk rating
The operations of the Pension Fund and that of its suppliers are interrupted as a result of a cyber-attack.	Amber
Employers are unable to pay contribution rates.	Amber
Failure to respond to changes in economic conditions.	Amber
The ACCESS asset pool does not have the sub-fund choices available to enable the Fund to fulfil its strategic and tactical asset allocation requirements in a timely manner.	Amber
As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	Amber

Key Activities

The key activities have been split into the following sections:

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

Procurement of Services

Activity	Background	Key Milestones	Resources required
<p>Re-tender for benefits and governance consultancy services</p>	<p>The current supplier of benefits and governance consultancy services is Aon. The contract period is due to end on 31 July 2023 (extension previously agreed from 31 March 2023). A further extension is required to 31 March 2024.</p> <p>The Pension Committee have been asked to approve an officer recommendation to extend this contract for a further six months up to the 12 months that is allowable under the terms and conditions of the existing contract. The revision is to allow sufficient time to conduct a comprehensive review of the mortality screening and address tracing requirements of the Fund before the contract with the current supplier ceases in June 2023. Due to resourcing pressures within the team who are responsible for both it is deemed appropriate to delay this procurement as there is no extension provision option on the mortality screening and address tracing contract.</p> <p>The National LGPS Frameworks will be used for the re-tender which will be undertaken on a joint basis with the Cambridgeshire Pension Fund.</p>	<p>Register to access national LGPS Frameworks (May 2023)</p> <p>Draft specification of services required an associated documentation (June 2023 – July 2023)</p> <p>Issue invitation to tender to suppliers on the Framework (September 2023)</p> <p>Evaluate tender responses (October 2023 - November 2023)</p> <p>Award contract (January 2024)</p>	<p>Cost of subscription to framework £2,000.</p> <p>Legal fees £500.</p> <p>No additional staffing costs.</p> <p>All costs will be included within the governance and administration budget.</p> <p>Fees are combined with the re-tender for actuarial consultancy services.</p> <p>Total subscription costs of the three lots under the framework is £3,000.</p>

Activity	Background	Key Milestones	Resources required
Re-tender for actuarial consultancy services	<p>The current supplier of actuarial services is Hyman Robertson. The initial contract period comes to an end on 31 March 2023 but has been extended to 31 March 2024 as agreed in 2022/23.</p> <p>The National LGPS Frameworks will be used for the re-tender which will be undertaken on a joint basis with the Cambridgeshire Pension Fund</p>	<p>Register to access national LGPS Frameworks (May 2023)</p> <p>Draft specification of services required and associated documentation (June 2023 – July 2023)</p> <p>Issue invitation to tender to suppliers on the Framework (September 2023)</p> <p>Evaluate Tender responses (October 2023 – November 2023)</p> <p>Award Contract (January 2024)</p>	<p>Cost of subscription to framework £1,000</p> <p>Legal fees £500</p> <p>No additional staffing costs</p> <p>All costs will be included within the governance and administration budget.</p> <p>Fees are combined with the re-tender for benefits and governance consultancy services. Total subscription costs of the three lots under the framework is £3,000.</p>

Activity	Background	Key Milestones	Resources required
Re-tender for legal services provider	<p>The Fund’s current supplier of specialist pensions legal services is Squire Patton Boggs. The initial contact period is due to end on 4 February 2024.</p> <p>The National LGPS Frameworks will be used for the re-tender which will be undertaken on a joint basis with the Cambridgeshire Pension Fund.</p>	<p>Register to access national LGPS Frameworks (July 2023)</p> <p>Draft specification of services required an associated documentation (July 2023 – August 2023)</p> <p>Issue invitation to tender to suppliers on the Framework (September 2023)</p> <p>Evaluate tender responses (October 2023 - November 2023)</p> <p>Award contract (December 2023)</p>	<p>Cost of subscription to framework – no fee.</p> <p>Legal fees £1,000.</p> <p>No additional staffing costs.</p> <p>All costs are included within the governance budget.</p>

Activity	Background	Key Milestones	Resources required
Re-tender for pensions administration and pensioner payroll platform	<p>The Fund's current pensions administration and pensioner payroll solution is Heywood. The contract will end on 30 September 2024.</p> <p>A further competition exercise using the National LGPS Frameworks will be undertaken in 2023-24 to ensure an ongoing solution is selected by 30 September 2023, providing a one-year transition window (if needed).</p>	<p>Invitation to Further Competition exercise using National LGPS Frameworks (April 2023 - June 2023)</p> <p>Evaluation and award (July 2023 - September 2023)</p> <p>Year 0 transitional period (October 2023 - September 2024)</p> <p>Go Live (1 October 2024)</p>	<p>Internal and Procurement.</p> <p>The revised contract costs will form part of Administration expenses.</p>
Address and mortality screening Services	<p>The current contract for address tracing and mortality screening ceases in June 2023 with no ability to extend.</p> <p>Options are being considered as to the delivery of these services from June 2023 onwards.</p>	<p>Key milestones will be added when a definitive course of action has been decided on.</p>	<p>Costs already agreed within the governance budget.</p>

Core governance activities

Activity	Background	Key Milestones	Resources required
Review and implement changes required from the Pension Regulator's new Code of Practice	<p>In March 2021 the Pensions Regulator launched a consultation on its revised code of practice for the pensions industry. The revised code of practice consolidates, updates, and amends the existing 15 codes of practice into one single consistent source of information.</p> <p>The responses to the consultation have taken the Pensions Regulator longer than expected to digest and as such the new code of practice is now expected to come into force early 2023. Once the code of practice is in force, the Fund will have six months to achieve full compliance with its contents.</p>	<p>Develop an action plan of changes required on launch of code of practice (TBC)</p> <p>Present action plan to the Pension Fund Committee (TBC) and Pension Board (TBC)</p> <p>Present update on progress on action plan to the Pension Fund Committee (TBC) and Pension Board (TBC)</p>	<p>No additional staffing costs.</p> <p>All costs included within the governance budget for 2022/23.</p>
Continue to review cyber resilience	<p>Cyber-crime will continue to evolve and become increasingly sophisticated and as such this area will be regularly reviewed and monitored. The cyber action plan will be updated as and when necessary.</p>	<p>Ongoing monitoring and development of the cyber strategy and action plan via the Business Plan Updates at each meeting of the Pension Committee and Pension Board.</p>	<p>No additional staffing costs.</p> <p>All costs associated with this activity have been included within the governance budget.</p>

Activity	Background	Key Milestones	Resources required
Implement the best practice recommendations of the good governance review	<p>The Scheme Advisory Board (SAB) have been working on the good governance review for several years with the current objective to identify both the issues deriving from the current scheme arrangements and the potential benefits of increasing the level of separation between the host authority and the scheme manager role to avoid potential conflicts of interest.</p> <p>Following consultation with LGPS stakeholders, in February 2021, a number of recommendations for improvement were identified. Some would require the input of DLUHC to amend scheme regulations and publish statutory guidance, others by SAB and other for Funds to implement as best practice. The standards are due to be issued in 2023.</p>	<p>Develop an action plan to implement the best practice activities (TBC).</p> <p>Present update on progress on action plan to the Pension Fund Committee (TBC) and Pension Board (TBC)</p> <p>Implementation of activities requiring SAB and DLUHC guidance (TBC)</p>	<p>No additional staffing costs.</p> <p>All costs included within the governance budget for 2022/23.</p>
Review the administrative performance of the Fund's additional voluntary contribution providers	<p>The Fund has two additional voluntary contribution (AVC) providers, Standard Life and Prudential. In October 2019 the Pension Committee were presented with an independent review of the Fund's AVC providers. It was decided that Standard Life be closed to new and current contributing members leaving Prudential as the only remaining provider able to receive contributions.</p> <p>The closure of Standard Life was delayed following the pandemic. The administrative performance of Prudential began to deteriorate in mid-2020 and so the decision to close Standard Life was delayed. In February 2022, Prudential's performance was still significantly impaired and as such, an additional review was undertaken on the administrative performance and delivered to the Committee in October 2022. The decision was to review again in a further 12 months and to include investment performance.</p>	<p>Present to the Pension Committee the findings of the independent review alongside any recommendations for action (the timing of this will depend on the co-operation of the AVC providers in providing the necessary information for analysis by Aon (estimated October 2023).</p>	<p>No additional staffing costs.</p> <p>Estimated costs of £10,000 which are included within the governance budget.</p>

Scheme member and data projects

Activity	Background	Key Milestones	Resources required
<p>Complete the Guaranteed Minimum Pension Rectification</p>	<p>Following the end of contracting-out on 6 April 2016 it has been necessary for all pension schemes to reconcile their scheme members contracted out liability against that recorded by HMRC.</p> <p>The rectification stage of this project commenced in 2021/22. All updates required for scheme member records for those below GMP pensionable age have been completed. Scheme members with a GMP element of their pension already in payment that require amending manually. This work commenced in 2022/23 and will continue into 2023/24 and be completed by March 2024, in line with other priorities.</p> <p>Any underpayments due to an amended GMP will be rectified and arrears of pension paid. Where an overpayment of pension has occurred due to an amended GMP, the pension will be reduced to the correct level and the overpayment written off as per the Fund's Overpayment of Pension Policy.</p>	<p>Manual rectification of outstanding records (April 2023 – March 2024).</p>	<p>No additional staffing costs.</p>

Activity	Background	Key Milestones	Resources required
Application of the McCloud age discrimination remedy	<p>The McCloud age discrimination remedy will remove the age discrimination that has been judged to have arisen in public sector schemes due to the age-related transitional protections that were introduced following the introduction of the CARE arrangements (in 2014 for the LGPS).</p> <p>The pension records of scheme members within scope of the McCloud ruling will be rectified following the implementation of the age discrimination remedy, expected via amendment to legislation on 1st October 2023.</p>	<p>Respond to DLUHC consultation on draft regulations (delayed from 2022 and still pending release) (TBC).</p> <p>Devise communication plan for members and scheme employers (May 2023).</p> <p>Undertake scheme member record preparations to identify members in scope of remedy in readiness for the application of the underpin (April 2023 – September 2023).</p> <p>Application of the revised underpin following release of amended LGPS Regulations (October 2023 onwards).</p>	No additional staffing costs.
Prepare for the implementation of Pension Dashboards	<p>In the 2016 Budget, the Government made a commitment that Pension Dashboards would be created by the pensions industry, enabling pension savers to view details of all their pensions together.</p> <p>*Activity to be updated following the DWP announcement to reset the Pension Dashboard Programme and the delay to connection deadlines.</p>	<p>Continue to work with the Pensions Administration Software supplier to connect to a Pensions Dashboard by the deadline of 30 September 2024 (April 2023 – September 2024).</p> <p>Undertake project plan activities to enable connection to the Dashboard including data cleansing activities. (April 2023 – September 2024).</p> <p>Connect to the Dashboard (By 30 September 2024).</p> <p>Pension Dashboard Go Live (By 1 April 2025).</p>	<p>No additional staffing costs.</p> <p>System costs for the implementation of Pension Dashboards will be included in the software re-procurement.</p>

Activity	Background	Key Milestones	Resources required
Processing of undecided leaver records	<p>The Fund has a number of unprocessed leaver records where a member has left a period of pensionable employment, is not entitled to immediate payment of pension benefits, but is entitled to either a refund of contributions, aggregation with another period of pensionable membership and/or a deferred pension award.</p> <p>A significant number of these records are in progress for a variety of reasons, including outstanding information or workflow. Any case which is older than 6 months since the point of notification is classed as a backlog and reported through this business plan activity.</p> <p>The intention is to reduce this backlog by 2,500 cases per year from an original April 2022 baseline of approximately 9000 cases.</p> <p>As at March 2023 there are approximately 8,300 backlog cases outstanding. The project is targeting a net reduction of 2,500 backlog cases per annum leading to a completion date of September 2025.</p>	<p>Reduce aged cases by 2,500 (April 2023 – March 2024).</p> <p>Reduce aged cases by 2,500 (April 2024 – March 2025).</p> <p>Reduce aged cases to BAU baseline (<2,000) (April 2025 – September 2025)</p>	No additional staffing costs.

Investment related activities

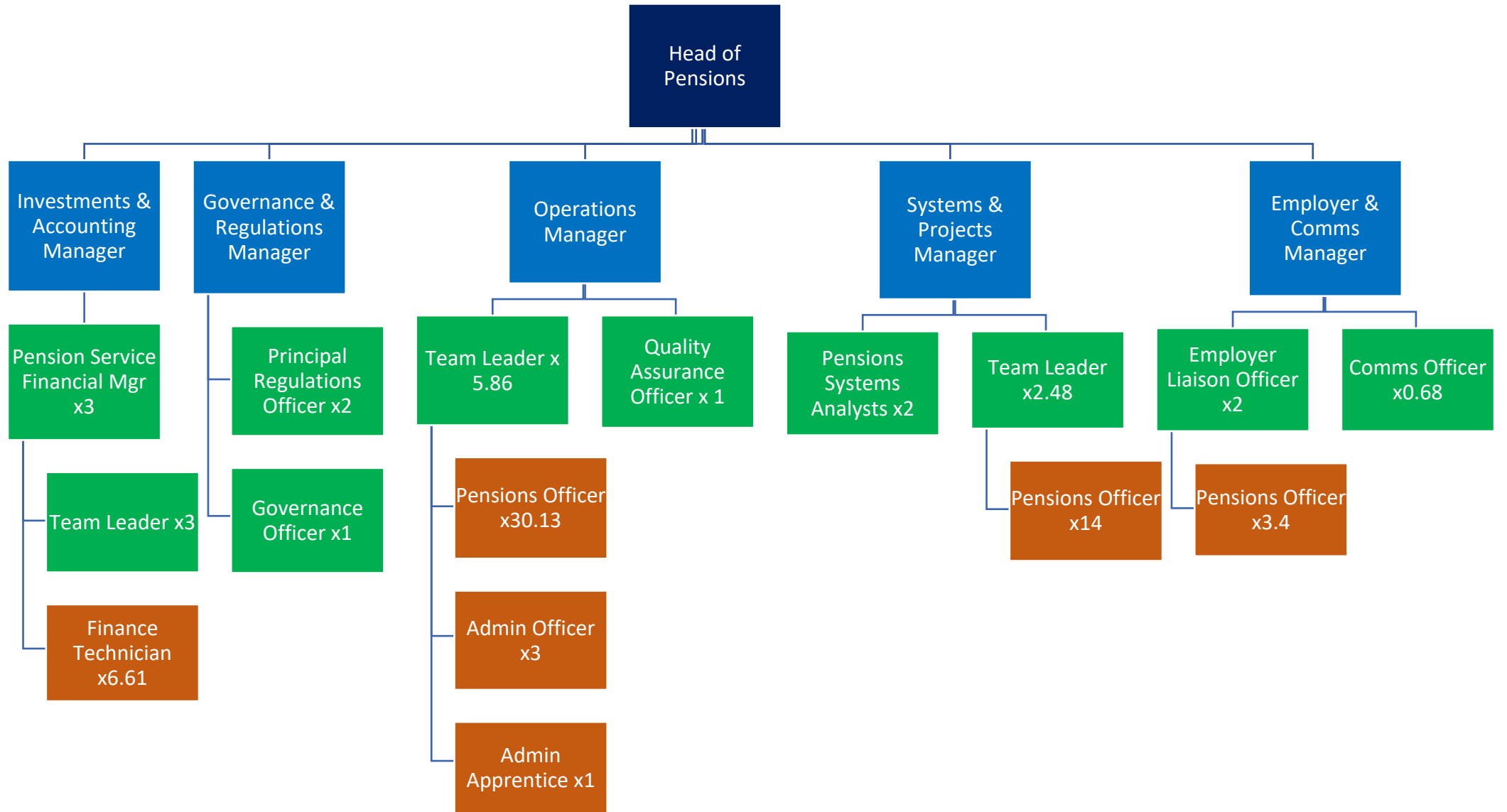
Activity	Background	Key Milestones	Resources required
Continue development of the ACCESS asset pool	<p>The ACCESS asset pool Authorised Contractual Scheme (ACS) sub-fund structure is now at a mature stage with ongoing developments prioritising completing the sub-fund pipeline and putting in place supplementary sub-funds as and when required.</p> <p>Other developments within the ACCESS pool include the non-listed work programme, Operator re-procurement, and the Phase II ESG/RI procurement.</p>	<p>Development of ACS sub-fund pipeline (April 2023 – October 2024)</p> <p>Non-listed (property, infrastructure, private equity, private debt) programme development (April 2023 – December 2024)</p> <p>ESG/RI Phase II procurement and reporting developments (April 2023 – March 2024)</p> <p>Operator re-procurement (April 2023 – March 2025)</p>	All costs associated with this activity have been included within the investment and staffing budgets.
Continue activities within the Fund’s Climate Action Plan	<p>During 2021/22 the Committee approved a revised Investment Strategy Statement incorporating an expanded and strengthened Responsible Investment (RI) Policy. The Investment Sub-Committee approved the Fund’s Climate Change Action Plan in February 2022.</p> <p>It is proposed that in 2023-24, the Fund continues to focus on the milestone dates which are key to ensure we are on the correct path to achieve “net-zero” carbon emissions by 2050 at the latest.</p>	As per Climate Action Plan located in Appendix D	All costs associated with this activity have been included within the investment and staffing budgets.

Activity	Background	Key Milestones	Resources required
Implement the revised Investment Strategy	<p>A review of the investment strategy/strategic asset allocation (SAA) is being undertaken at the March Pensions Committee meeting. This will include consideration of possible changes to the allocations of property, private equity and actively managed equity assets, taking account of current market conditions and expected future environment, and our ongoing commitments to asset pooling and Climate Action Plan.</p> <p>Work will be undertaken throughout 2023-24 to action these changes.</p>	<p>Milestones to be added regarding asset classes once SAA agreed (TBC)</p> <p>Revised draft Investment Strategy to be presented to Pensions Committee (June 2023)</p>	<p>All costs associated with this activity have been included within the investment and staffing budgets.</p>

Communications

Activity	Background	Key Milestones	Resources required
Implement recommendations from the review of the website and digital communications.	<p>A review of the Fund's websites was carried out in 2022/23 with support from the digital services team at West Northamptonshire Council. The review assessed whether the website was still fit for purpose in meeting the needs of stakeholders and explored alternative options including moving the hosting of the member related information pages away from our software supplier Heywoods and hosting both member and employer pages internally on a single website.</p> <p>The review produced a number of initial recommendations from the digital team. Officers now seek approval to implement the recommendations of the digital services team, subject to feedback from stakeholders on a limited number of prototypes.</p>	<p>Funding for the website development approved March 2023.</p> <p>Resources in place eg recruitment May 2023.</p> <p>High fidelity designs created August 2023.</p> <p>New website built March 2024.</p>	<p>£30,000 for a user interface designer and web developer for 3 months.</p> <p>No additional staffing costs.</p> <p>All costs associated with this project have been included in the governance budget.</p>

Appendix 1: Full Pensions Service structure



This page is intentionally left blank

Appendix B – Business Plan activities 2022/23

Activity	Year-end status	RAG status
Extend the existing contract and re-tender for actuarial consultancy services	Completed.	Green
Extend the existing contract and re-tender for benefits and governance consultancy services	Completed.	Green
Extend existing contract and re-tender for legal services provider	Completed.	Green
Re-tender for pensions administration and pensioner payroll platform	2022/23 activities completed; remaining activities are featured in the 2023/24 Business Plan.	Green
Continue to develop the Fund’s Cyber Strategy	Main activities completed. Further activities and updates will continue to be reported via the 2023/24 Business Plan.	Green
Review and implement changes required from the Pension Regulator’s new Code of Practice	Rescheduled to 2023/24 Business Plan due to delayed release of the new Code.	Green
Review the administrative performance of the Fund’s additional voluntary contribution providers	Completed.	Green
Implement the best practice recommendations of the Scheme Advisory Board’s good governance review	Rescheduled to 2023/24 Business Plan due to delayed government guidance.	Green
Complete the Guaranteed Minimum Pension Rectification	Continuing into 2023/24.	Red
Application of the McCloud age discrimination remedy	Awaiting consultation response. Further activities will feature in the 2023/24 Business Plan.	Green
Processing of undecided leaver records	Continuing into 2023/24.	Red
Complete the 2022 Valuation of the Pension Fund	Completed.	Green
Prepare for the implementation of Pension Dashboards	2022/23 activities completed. Remaining activities continuing into 2023/24.	Green
Continue development of the ACCESS asset pool	Completed.	Green
Decarbonisation and improved stewardship reporting	Completed.	Green

Appendix B – Business Plan activities 2022/23

Review the Fund’s Property Investment Strategy	Completed.	Green
Review the Investment Strategy and Strategic Asset Allocation	Completed. Implementation phase during 2023/24.	Green
Private Equity Review	Completed. Implementation phase during 2023/24.	Green
Review of website and digital communications	Completed.	Green

Appendix C - Variances against the forecast of investments and admin expenses

Fund Account	2022/23 Budget	2022/23 Forecast	Variance	Comments
	£000	£000	£000	
Contributions	(120,000)	(124,000)	(4,000)	Contributions in line with current membership numbers
Transfers in from other pension funds	(8,500)	(12,000)	(3,500)	Demand led
Total income	(128,500)	(136,500)	(7,500)	
Benefits payable	108,000	108,000	-	
Payments to and on account of leavers	8,500	11,000	2,500	Demand led
Total Payments	116,500	119,000	2,500	
Net (additions)/withdrawals from dealings with members	(12,000)	(17,000)	(5,000)	
Management Expenses	3,645	3,820	175	See below
Total income less expenditure	(8,355)	(13,180)	(4,825)	
Investment income	(26,000)	(26,000)	-	Actual income received to December 2022 plus one estimated quarter
Taxes on income (profit) and losses on disposal of investments and changes in the market value of investments	- (127,000)	- 232,400	- 359,400	Returns have been calculated using actual performance to December 2022 -7.9% plus one quarter applying the actuarial assumption of investment growth.
Net return on investments	(153,000)	206,400	359,400	
Net (increase)/decrease in the net assets available for benefits during the year	(161,355)	193,220	354,575	

Appendix C - Variances against the forecast of investments and admin expenses

Management Expenses	2022-23 Budget	2022-23 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	2,331	2,478	147	See below
Total Governance Expenses	834	882	48	Actuarial valuation fees higher than expected
Total Investment Invoiced Expenses	480	460	(20)	Underperformance of passive manager resulting in lower than expected investment manager costs
Total Management Expenses	3,645	3,820	175	

Administration Expenses Analysis	2022-23 Budget	2022-23 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	1,458	1,608	150	Budget based on estimated 22/23 pay rates, higher than expected pay awards received.
Altair administration and payroll system	329	348	19	Inflation increases higher than expected
Data assurance	45	25	(20)	McCloud project underspend carried forward to 2023/24
Communications	39	31	(8)	Review of Pensions website underspend during 2022/23
Other Non-Pay and Income	15	21	6	Bank charges and IT hardware costs are higher than expected
County Council Overhead Recovery	445	445	-	
Total Administration Expenses	2,331	2,478	147	

Climate action plan

Calendar year

2022

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">• 25% from June 2021 baseline by 2024• 59% from June 2021 baseline by 2030	✓
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	✓
Prepare and publish reporting in line with the Task-Force on Climate-Related Financial Disclosures (TCFD) disclosure requirements for the 2021-22 Fund annual report	✓

2023

Quarter 1 2023

Agree managers and portfolio structures for climate aware passive investing	✓
Analysis of climate metrics as at 30/06/22	✓

Quarter 2 2023

Review progress against targets and appropriateness of metrics.	
Continue to engage with existing active equity managers around decarbonisation approaches - as required	
Engage with private asset managers to improve carbon data provision for portfolios and increased ESG integration	
Implement carbon aware passive equity	
ISC consider proposals for impact investing in private markets - Infrastructure	

Quarter 3 2023

Engage with ACCESS on sustainable/impact equity managers (based on Committee preferences following Q2 2022 discussion)	
--	--

Quarter 4 2023

ISC receive report on availability of data and approach on alternatives assets	
ISC consider proposals for impact investing in listed equity	
ISC consider proposals for impact investing in private markets (Private equity/property)	

2024

Quarter 1 2024

Consider setting more granular targets across: - Sustainable/Climate solutions - Transition alignment - Stewardship	
Review progress against targets and appropriateness of metrics	
Consider draft UK Stewardship Report ahead of submission to FRC.	
ISC consider feasibility of including Scope 3 within emissions reduction reporting and targets	

Quarter 2 2024

Use insights and recommendations to shape discussions and support climate change reporting (TCFD) - awaiting outcomes of consultation	
Consider potential connections to biodiversity/natural capital	
Submit approved UK Stewardship Report to FRC	
ISC consider proposals for including asset classes beyond listed equity in climate reporting and target setting	

Quarter 3 2024

Continuation of the work with active managers to implement carbon reduction measures and increase the sustainability of the portfolios they manage	
--	--

This page is intentionally left blank



West Northamptonshire Council

Pension Fund Committee

29 March 2023

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund – Overpayment of Pension Entitlement Policy
Report Author	Michelle Oakensen Governance and Regulations Manager michelle.oakensen@westnorthants.gov.uk

Contributors/Checkers/Approvers

MO	Sarah Hall on behalf of Catherine Whitehead	21/3/2023
S151	James Smith on behalf of Martin Henry	7/3/2023
Head of Pensions	Mark Whitby	23/2/2023

List of Appendices

Appendix A – Proposed Overpayment of Pension Entitlement Policy 2023 clean

Appendix B – Proposed Overpayment of Pension Entitlement Policy 2023 tracked

1. Purpose of Report

1.1. To present the Overpayment of Pension Entitlement Policy to the Pension Fund Committee.

2. Executive Summary

2.1 Overpayments of pension can occur for a variety of reasons. It is important that the Fund has a clear policy on how overpayments of pension entitlements are managed once they are identified.

2.2 The Policy covers types of overpayments and the approach the Fund will take when overpayments occur. This review has also taken into account the management of lump sum overpayments in addition to pension overpayments in previous versions.

2.3 Northamptonshire Pension Fund recognises the need to take a pro-active approach to identifying potentially fraudulent activity and overpayments.

3. Recommendations

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

4. Report Background

- 4.1 It is important for the Fund to have a policy on how overpayments of pension and lump sums are managed once identified. Such a policy will provide assurance to the Fund's stakeholders that all overpayments are treated in a fair and equitable manner and that the Fund seeks to recover overpayments and has in place steps to prevent and also investigate potentially fraudulent activity.
- 4.2 An Overpayment of Pension Policy also strengthens the Fund's position should a complaint be made using the Internal Dispute Resolution Procedure (IDRP) which if exhausted without resolution, can be referred by the scheme member or their representative to the Pensions Ombudsman.
- 4.3 An Overpayment of Pensions Policy was initially agreed by the Pension Fund Committee in October 2015, with subsequent reviews in June 2018 and March 2019. It is now deemed an appropriate time to review this policy to ensure it remains fit for purpose.

5. Issues and Choices

5.1 Proposed changes to the existing Policy

- 5.1.1 As a result of the review, the following changes are being proposed –

Section	Proposed change
Title of Policy	- Overpayment of Pension Entitlement Policy 2023, to encompass lump sum overpayments
Throughout	- Removal of LGSS
8 - Managing overpayments of pension entitlement following incorrect information supplied by the employer in respect of the scheme member	- To provide clarity on the process in place for recovering lump sum overpayments.
9 - Managing overpayments of pension as a result of the incorrect rate of pension paid by the Fund and the member can be said to be reasonably aware of the overpayment.	- To provide clarity on the process in place for recovering lump sum overpayments. - To extend the table in 9.1 on types of overpayments to include – 'Administration error upon calculation/payment of pension scheme lump sum'.
10 - Managing overpayments of pension following an incorrect rate of pension entitlement being paid by the Fund and it can be said that the member cannot have known of the overpayment	- To provide clarity on the process in place for recovering lump sum overpayments. - To include 'Pension Credit members' as an example of type of overpayment in table 10.1. - To extend the table in 10.1 on types of overpayments to include – 'Administration error upon calculation/payment of pension scheme lump sum'.

5.2 Local Pension Board review

- 5.2.1 The Policy was reviewed by the Pension Fund Board on 24 January 2023 and was deemed fit for purpose.
- 5.2.2 Two subsequent amendments have been made to provide some additional clarity on the payment period which can be reclaimed and associated dates located in Appendix 1 of the Policy.

6 Implications (including financial implications)

6.1 Resources and Financial

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

6.2 Legal

6.2.1 There are no legal implications arising from the proposals.

6.3 Risk

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

Risk	Residual risk rating
Those charged with governance are unable to fulfil their responsibilities effectively.	Green
Risk of fraud and error	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
Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage.	Green
Failure to understand and monitor risk compliance.	Green
Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed	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 -

- Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- 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.
- Continually monitor and measure clearly articulated objectives through business planning
- Deliver consistent plain English communications to stakeholders.
- Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.
- Ensure cash flows in to and out of the Fund are timely and of the correct amount.

6.5 Consultation

6.5.1 Not applicable.

This page is intentionally left blank

Overpayment of Pension Entitlement Policy 2023



Contents

1. Introduction	3
2. Policy objectives	3
3. Purpose of the policy	3
4. Effective date and reviews	3
5. Scope.....	4
6. Managing overpayments of pension on the death of a scheme member	4
7. Managing overpayments of children’s pensions failing to cease at the appropriate time	5
8. Managing overpayments of pension entitlement following incorrect information supplied by the employer in respect of the scheme member	5
9. Managing overpayments of pension as a result of the incorrect rate of pension paid by the Fund and the member can be said to be reasonably aware of the overpayment.	6
10. Managing overpayments of pension following an incorrect rate of pension entitlement being paid by the Fund and it can be said that the member cannot have known of the overpayment	7
11. Overpayments resulting from an error with Guaranteed Minimum Pension (GMP)	8
12. Discretion to write off overpayments	8
13. Recovery	9
14. Length of time to recover overpayment	9
15. Claims of inability to repay overpayments	9
16. Monitoring repayments	10
17. Authority to write off overpayments.....	10
18. Reporting to the HM Revenue and Customs and effects on the Fund and individual.....	10
19. Prevention	11
Appendix 1 – Limitation Period Examples	12
Appendix 2 - Examples of HM Revenue and Customs ‘genuine errors’	15

1. Introduction

- 1.1 This is the Overpayment of Pension Entitlement Policy for Northamptonshire Pension Fund, which is managed by Northamptonshire County Council (the Administering Authority).
- 1.2 Overpayments of pension can occur for a variety of reasons. It is important that the Fund has a clear policy on how overpayments of pension entitlements are managed once they are identified.
- 1.3 Northamptonshire Pension Fund recognises the need to take a pro-active approach to identifying potentially fraudulent activity and overpayments.

2. Policy objectives

- 2.1 The policy objectives aim to ensure the Fund:
 - Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
 - Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
 - Ensures benefits are paid to, and income collected from, the right people at the right time in the right amount;
 - Identifies errors as soon as possible;
 - Rectifies overpayments with the co-operation of the individual;
 - Encourages individuals to take an active role in checking payslips/payments for obvious errors; and
 - Avoids the Internal Dispute Resolution Procedure (IDRP), where possible, by managing the process effectively.

3. Purpose of the policy

- 3.1 The policy is designed to provide assurance to the Fund's stakeholders that:
 - all overpayments are treated in a fair and equitable manner;
 - the Fund seeks to recover overpayments that have occurred, but, acknowledges that there may be legal reasons and/or other circumstances which mean that an overpayment may not, in practice, be able to be recovered (in whole or in part); and
 - has steps in place to prevent and also investigate potentially fraudulent activity.

4. Effective date and reviews

- 4.1 This policy was first approved by the Pension Committee on 31st July 2015 and was effective from 1st August 2015. The policy has since been subject to the following reviews:

Date of review by Pension Committee	Policy effective date:
22 June 2018	23 June 2018
22 March 2019	23 March 2019
29 March 2023	

4.2 This policy will be reviewed annually and, if necessary, more frequently to ensure it remains accurate and relevant.

5. Scope

5.1 The policy applies to:

- All members and former members, which in this policy includes survivor and pension credit members of the Northamptonshire Pension Fund who have received one or more payments from that Fund;
- Executors of the estates of deceased Northamptonshire Pension Fund members
- Beneficiaries of Northamptonshire Pension Fund members where those beneficiaries have received one or more payments from that Fund
- Administrators of the scheme; and
- The Pension Fund Committee.

6. Managing overpayments of pension on the death of a scheme member

6.1 Understandably, notification of a death of a pensioner member of the scheme does not always happen immediately and as such it is not always possible to stop payment of the pension after a point in the payroll month and so an overpayment can occur.

6.2 Should an overpayment of pension occur following the death of a scheme member, the Fund will generally seek to recover overpayments that are greater than £250.00 (gross) in value unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part). A value of £250.00 or less in the instance of the death of a scheme member has been deemed by the Fund as uneconomical to pursue. In such circumstances, the Fund's approach will be that the sum written off is treated as a liability against the scheme member's former employer.

6.3 All correspondence regarding an overpayment will be handled sensitively in the initial stages due to the circumstances surrounding how the overpayment has occurred.

6.4 An invoice will be raised by the Fund to recover an overpayment which is greater than £250.00 upon the death of a scheme member.

7. Managing overpayments of children's pensions failing to cease at the appropriate time

- 7.1 An eligible child, as defined by the LGPS Regulations 2013, is entitled to receive a pension until such a time as their circumstances change and they are no longer eligible to receive a pension from the Fund.
- 7.2 In these cases, the individual in receipt of the pension is responsible for informing the Pensions Service of a change in circumstances to ensure the pension is ceased at the appropriate time; failure to do so would result in an overpayment.
- 7.3 Should an overpayment of pension occur as a result of a late notification of change of circumstances, the Fund will generally seek to recover overpayments that are greater than £250.00 (gross) in value, unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part). A value of £250.00 or less has been deemed by the Fund as uneconomical to pursue. In such circumstances, the Fund's approach will be that the sum written off is treated as a liability against the scheme member's former employer.
- 7.4 An invoice will be raised by the Fund to recover the overpayment which is greater than £250.00 as a result of the late notification of the change in circumstances. The invoice will be sent to the individual whose bank account the child's pension was being paid into.

8. Managing overpayments of pension entitlement following incorrect information supplied by the employer in respect of the scheme member

- 8.1 Should an overpayment of pension occur as a result of inaccurate information provided by the scheme member's employer on retirement, the Fund will generally seek to recover monies that are greater than £250.00 in value unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part). A value of £250.00 (gross) or less has been deemed by the Fund uneconomical to pursue due to the administrative time involved.
- 8.2 Overpayments that are greater than £250.00 in value will generally be recovered through the scheme member's ongoing pension as this allows for the appropriate adjustment for tax. The pension will be reduced to the correct level for the next available monthly pension payment after a 6 week notice period. The scheme member will be notified in writing of the error and the course of action to be taken.
- 8.3 Where there is no ongoing pension from which to deduct the overpaid amount, an invoice will be arranged by the Fund to recover any overpayment which is greater than £250.00 in value. The invoice will be sent to the individual who received the pension payment(s).
- 8.4 Where an overpayment of the lump sum has occurred following inaccurate information provided by the employer, an invoice will be arranged by the Fund to recover any overpayment which is

over £250.00 in value. The invoice will be sent to the individual who received the lump sum payment.

9. Managing overpayments of pension as a result of the incorrect rate of pension paid by the Fund and the member can be said to be reasonably aware of the overpayment.

9.1 There are a number of reasons why a pension could be paid at an incorrect higher rate. The most common reasons are detailed in the table below, but it should be noted that this is not an exhaustive list.

	Type of overpayment	How overpayment has occurred
1	Administration error upon creation of payroll record	Incorrect (overstated) rate of pension inputted onto payroll record, but, member informed in writing of the correct rate of pension to be paid.
2	Administration error upon calculation/payment of pension scheme lump sum	Incorrect (miscalculated/overstated) lump sum paid to member but member informed in writing of the correct value of the lump sum to be paid.
3	Re-employment where abatement affects rate of pension due	Re-employment not notified and within the terms of the Administering Authority policy on the exercise of their discretion relating to abatement, the member's annual pension should have been reduced or suspended due to the level of earnings in the new employment. Identified through National Fraud Initiative exercise or other means.
4	Entitlement to pension ceasing	Non notification that a child's pension is no longer payable as the child aged 18 or above is no longer in full time education or vocational training.
5	Entitlement to current rate of pension ceasing	A Pension Sharing Order or Earmarking Order being received after the implementation date meaning that the pension has been overpaid since that implementation date.
6	Failure to action an alteration to the payroll record/reduction in pension	Failing to implement the change from the higher short-term dependents pension to the lower long-term rate.
7	Failure to action an alteration to the payroll record/reduction in pension	Failing to implement a reduction to a pension as a result of National Insurance Modification (at State Pension Age for those members who both left the LGPS before 1 April 1998 and had membership before 1 April 1980).

9.2 If the scheme member has been notified of the correct rate of pension and/or lump sum in writing and is receiving/ has received a higher amount, it can be said that the member can reasonably be aware that they are being/have been over paid as the scheme member has been notified of the correct rate in writing.

- 9.3 The Fund will, therefore, generally seek to recover monies that are greater than £250.00 gross in value, unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part). A value of £250.00 or less has been deemed by the Fund as uneconomical to pursue due to the administrative time involved.
- 9.4 The amount of overpaid pension will generally be recovered from the scheme member's ongoing pension as this allows for the appropriate adjustment for tax. The pension will also be reduced to the correct level for the next available monthly pension payment after a 6 week notice period and will be notified in writing of the error and the course of action to be taken.
- 9.5 Where there is no ongoing pension from which to deduct the overpaid amount, OR the pension scheme lump sum has been overpaid, an invoice will be arranged by the Fund to recover the overpayment which is greater than £250.00 in value. The invoice will be sent to the individual who received the pension/lump sum payment.

10. Managing overpayments of pension following an incorrect rate of pension entitlement being paid by the Fund and it can be said that the member cannot have known of the overpayment

- 10.1 The table below illustrates how an overpayment of a member's pension can occur without the member being aware. It should be noted that the table below is not an exhaustive list;

	Type of overpayment	How overpayment has occurred
1	Administration error upon calculation and notification of benefit entitlement (includes dependants' pensions and Pension Credit members)	Incorrect (overstated) rate of pension inputted onto payroll record and member informed in writing of the, incorrect, rate of pension to be paid.
2	Administration error upon calculation and notification of pension scheme lump sum entitlement	Incorrect (overstated) pension scheme lump sum paid to the member and member informed in writing of the incorrect lump sum to be paid
3	Pensions Increase	Pensions Increase inaccurately applied to the elements of a pension in payment.

- 10.2 In these circumstances the Fund will generally seek to recover monies that are greater than £250.00 gross in value unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part). A value of £250.00 or less has been deemed by the Fund as uneconomical to pursue due to the administrative time involved.
- 10.3 The amount will be recovered from the scheme member's ongoing pension as this allows for the appropriate adjustment for tax. The pension will also be reduced to the correct level for the next available monthly pension payment after a 6 week notice period. The scheme member will be notified in writing of the error and the course of action to be taken.

10.4 Where there is no ongoing pension from which to deduct the overpaid amount, or an overstated pension scheme lump sum has been paid, an invoice will be arranged by the Fund to recover any overpayment which is greater than £250.00 in value. The invoice will be sent to the individual who received the pension/lump sum payment.

11. Overpayments resulting from an error with Guaranteed Minimum Pension (GMP)

11.1 Overpayments can also occur as a result of an the incorrect or non-application of the GMP element of a member’s pension as detailed in the table below.

1	GMP not included in the pension being paid	New information from HMRC or a review of the member’s record shows that a GMP should have been included within the pension, but, has not. Due to the different way cost of living increases are applied to GMP and the excess over GMP, means that, overall, a lower level of pensions increase should have been paid.
2	Incorrect level of GMP being paid	New information from HMRC or a review of the member’s record leads to a revised rate of GMP to be used which, due to the different way cost of living increases are applied to GMP and the excess over GMP, means that, overall, a lower level of pensions increase should have been paid.
3	GMP not accurately split between pre 88 and post 88	New information from HMRC or a review of the member’s record shows that a GMP has not been apportioned correctly. Due to the different way cost of living increases are applied to pre 88 GMP and post 88 GMP, means that, overall, a lower level of pensions increase should have been paid.

11.2 The application of GMP to a member’s pension requires a high degree of technical understanding that can only reasonably be expected of a pensions practitioner. As such, and where there has been no explicit communication to the member that would mean that they could have known that their pension was being paid incorrectly as a result of the non or misapplication of GMP, the overpayment of any value should be written off without the requirement for authorisation as detailed in 17.1.

11.3 The pension will be reduced to the correct level for the next available monthly pension payment after a 6 week notice period. The scheme member will be notified in writing of the error and the course of action to be taken.

12. Discretion to write off overpayments

12.1 For all scenarios mentioned above, Officers have the ability to exercise discretion in the event of legal reasons and/or exceptional circumstances and to ensure no individual is unfairly treated. If the pursuing recovery of an overpayment was to cause significant distress and/or if there are legal reasons as to why the overpayment may not be recovered (in whole or in part) this would be

taken into account as would the cost effectiveness of recovery. All applications made to write off of an overpayment will be investigated on a case by case basis and final decision will be made by the appropriate officer listed in section 17, dependent upon the amount potentially being written off.

- 12.2 The Northamptonshire Pension Fund has authority to automatically write off any amount up to £250.00 in line with HM Revenue and Customs authorised payments limits and analysis of the cost effectiveness of pursuing amounts up to this value.

13. Recovery

- 13.1 The Limitation Act 1980 states that *“An action founded on simple contract shall not be brought after the expiration of six years from the date on which the cause of action accrued”*. However, section 32(1) of the Act effectively ‘postpones’ the date by which an administering authority may make a claim to recover monies in certain circumstances. It states *“the period of limitation shall not begin to run until the plaintiff has discovered the fraud, concealment or mistake (as the case may be) or could with reasonable diligence have discovered it”*. The potential effect of section 32(1) in relation to any overpayment and its recovery will be considered on a case-by-case basis.
- 13.2 Therefore, the Fund will generally seek to recover overpayments that have been discovered within the last 6 years, with the relevant postponement applied, if applicable, in line with the Limitation Act unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part).
- 13.3 Examples of limitation periods and how they operate in relation to overpayments are included in appendix 1 of this policy.
- 13.4 It should be borne in mind that where the Fund seeks to recover overpayments, there may be arguments raised as to why the overpayment should not be recovered (in whole or in part). These will need to be considered on a case-by-case basis and, if successful, may affect the ability of the Fund to recover the overpayment (in whole or in part).

14. Length of time to recover overpayment

- 14.1 The Fund will allow a pension overpayment to be recovered over the same amount of time as the overpayment occurred. For example, if overpayments were made over a 3 month period, the recovery period to repay the overpayment will be over 3 months. In the event that reasonable arguments are advanced that the recovery period should be extended, the Fund can at its discretion allow an extension based on the individual’s circumstances.

15. Claims of inability to repay overpayments

- 15.1 In cases where it is claimed that an overpayment cannot be repaid, officers of the Fund will enter into negotiations with the scheme member/next of kin and an analysis of the cost effectiveness of pursuing the overpayment will be undertaken on a case-by-case basis. For large overpayments, where appropriate, the Fund will seek legal advice. This approach will reduce the number of Internal Dispute Resolution Procedures applications and referrals to the Pensions Ombudsman.

For any cases that do reach the Pensions Ombudsman, Northamptonshire Pension Fund would have demonstrated engagement and negotiation with the complainant.

16. Monitoring repayments

- 16.1 In cases where recovery is not being made through the payroll and an invoice has been raised, the responsibility for chasing the payment rests with the West Northamptonshire Council Debt Recovery Team. If a final reminder is issued, officers are notified and a decision is made by the Head of Pensions as to whether to take legal action, taking into consideration the amount and circumstances against the potential of legal action.

17. Authority to write off overpayments

- 17.1 In line with the County Council’s Scheme of Delegation, the Fund will apply the following levels of authority when writing off overpayments:

Total value of overpayment*	Authority to write off overpayment
No more than £250.00 (gross) on death of a pensioner and any other overpayment type	Officers
Up to no more than £10,000 (gross)	Head of Pensions (in the absence of the Head of Pensions authority will move to the Section 151 Officer)
£10,000+ (gross)	Section 151 Officer
*Subject to a full evidence-based report produced by Officers of the Fund	

18. Reporting to the HM Revenue and Customs and effects on the Fund and individual

- 18.1 Administering authorities are obliged to correct any error they discover within a reasonable period of time. To do otherwise would render payments unauthorised under Section 14 of the Registered Pension Scheme (Authorised Payments) Regulations 2009. The HM Revenue and Customs have a clear steer with regards to timing, in so much that *“When a scheme discovers an overpayment it immediately becomes unauthorised and is subject to an unauthorised tax charge”*.
- 18.2 Regulation 13 states that a payment made in error will be an authorised payment if the:
- Payment was genuinely intended to represent the pension payable to the person;
 - Administering authority believed the recipient was entitled to the payment and;
 - Administering authority believed the recipient was entitled to the amount of pension that was paid in error.
- 18.3 In addition to the above, there is a further exemption where the overpayment is a ‘genuine error’ and the aggregate overpayment (paid after 5th April 2006) is less than £250. In such circumstances, if the overpayment is not recovered it remains an unauthorised payment, but, it does not have to be reported to HM Revenue and Customs and HM Revenue and Customs will not seek to collect tax charges on it.

- 18.4 Examples of HM Revenue and Customs 'genuine errors' are in appendix 2 of this policy.
- 18.5 The Finance Act 2004 also sets out a list of the payments which a registered pension scheme is authorised to make to members. Payments which do not fall within the list will become unauthorised payments and could result in up to three tax charges applying: 1) an authorised payments charge on the recipient of the payment; 2) an unauthorised payments surcharge on that recipient; and 3) a scheme sanction charge on the scheme.
- 18.6 Payments made in the period between notifying the member of an overpayment and the point at which the correction to the right level of pension is made will be regarded under the above legislation as an unauthorised payment. If the total amount of pension paid at the incorrect rate from point of notification to date of reduction to the correct rate is greater than £250 (gross) it would be subject to tax charges 1) and 3) and possibly 2 as set out in section 18.5.

19. Prevention

- 19.1 The Fund has in place processes in order to minimise the risk of overpayments occurring.
- 19.2 The National Fraud Initiative is conducted every two years; it compares files of pensioners with the Department for Work and Pensions database of the deceased and highlights matches for investigation. Northamptonshire Pension Fund actively participates in this initiative.
- 19.3 Northamptonshire Pension Fund participates in overseas life existence checks to ensure only legitimate pensions are being paid and to reduce the likelihood of fraudulent activity.
- 19.4 A report is run periodically on the pension administration system to identify individuals in receipt of a child's pension, further investigations are then carried out for children that are identified as over the age of 18 to ensure they are still entitled to receive a pension.
- 19.5 Northamptonshire Pension Fund includes reminders in its correspondence that the Fund must be advised of changes in circumstances or the death of a scheme member. The Fund also investigates any returned pensioner payslips and pension payments returned by banks and building societies to ensure the welfare of the scheme member and to protect payment of the Fund's money.
- 19.6 Fund officers have a robust system in place for identifying changes to the payroll that need to be processed for a particular payroll month. The process incorporates payroll deadlines and ensures changes are made in a correct and timely manner. This would be in circumstances such as a change from a short-term dependant's pension to a long-term pension.

Appendix 1 – Limitation Period Examples

Scenario	Limitation Period	Overpayment Period which can be claimed*
<ul style="list-style-type: none"> • Overpayments began in April 2013 (the first Mistake Date) • Overpayments discovered, or could have been discovered with reasonable due diligence, in August 2015 (the Discovery Date under Section 32 of the Limitation Act 1980) • Overpayments made for period between April 2013 and August 2015 • Formal claim** for recovery made in January 2020 (the Cut Off Date as referred to in <i>Webber v Department for Education</i>) 	<ul style="list-style-type: none"> • No issues in principle with the Limitation Period as formal claim for recovery commenced within 6 year period after the Discovery Date • Claims are therefore valid and should proceed 	<ul style="list-style-type: none"> • Overpayments back to when they began in April 2013 until August 2015 may be claimed (based on the assumption that the overpayment was discovered in August 2015, if not discovered at this time the overpayment period would be longer).
<ul style="list-style-type: none"> • Overpayments began in April 2008 (the first Mistake Date) • Overpayments discovered, or could have been discovered with reasonable due diligence, in November 2014 (the Discovery Date under Section 32 of the Limitation Act 1980) • Overpayments made from April 2008 to November 2014 • Formal claim for recovery made in December 2016 (the Cut Off Date as referred to in <i>Webber</i>) 	<ul style="list-style-type: none"> • No issues in principle with the Limitation Period as formal claim for recovery commenced within 6 year period after the Discovery Date • Claims are therefore valid and should proceed 	<ul style="list-style-type: none"> • Overpayments back to when they began in April 2008 until November 2014 may be claimed (based on the assumption that the overpayment was discovered in November 2014, if not discovered at this time the overpayment period would be longer).

Scenario	Limitation Period	Overpayment Period which can be claimed*
<ul style="list-style-type: none"> • Overpayments began in January 2004 (the first Mistake Date) • Overpayments discovered or could have been discovered with reasonable due diligence in September 2021 (when the date was received from HM Treasury in relation to the GMP equalisation exercise) (the Discovery Date under Section 32 of the Limitation Act 1980) • Overpayments made for the period from January 1999 to September 2021 • Formal claim for recovery made in February 2022 (the Cut Off Date as referred to in <i>Webber</i>) 	<ul style="list-style-type: none"> • No issues in principle with the Limitation Period as formal claim for recovery commenced within 6 year period after the Discovery Date • Claims are therefore valid and should proceed 	<ul style="list-style-type: none"> • Overpayments back to when they began in January 2004 until September 2021 may be claimed (based on the assumption that the overpayment was discovered in September 2021, if not discovered at this time the overpayment period would be longer).
<ul style="list-style-type: none"> • Overpayments began in April 2011 (the first Mistake Date) • Overpayments discovered, or could have been discovered with reasonable due diligence, in August 2014 (the Discovery Date under Section 32 of the Limitation Act 1980) • Overpayments made for period between April 2011 and August 2014 • Formal claim for recovery made in January 2022 (the Cut Off Date as referred to in <i>Webber</i>) 	<ul style="list-style-type: none"> • Issue with the Limitation Period as formal claim for recovery commenced more than 6 years after the Discovery Date • Claims are therefore out of time and should not proceed 	<ul style="list-style-type: none"> • Overpayments cannot be claimed back as the formal claim for recovery was made more than 6 years after the Discovery Date (based on the assumption that the overpayment was discovered in August 2014, if discovered after this time a period of reclaim maybe applicable).

Scenario	Limitation Period	Overpayment Period which can be claimed*
<ul style="list-style-type: none"> • Overpayments began in April 2011 (the first Mistake Date) • Overpayments discovered, or could have been discovered with reasonable due diligence, in August 2014 (the Discovery Date under Section 32 of the Limitation Act 1980) • Overpayments made for period between April 2011 and August 2021 • Formal claim** for recovery made in January 2022 (the Cut Off Date as referred to in <i>Webber</i>) 	<ul style="list-style-type: none"> • Issue with the Limitation Period as formal claim for recovery commenced more than 6 years after the Discovery Date • Claims for overpayments between April 2011 and January 2016 are therefore out of time and should not proceed • However, as each monthly overpayment is a separate overpayment, the effect of the <i>Webber</i> case is that overpayments made in the 6 years prior to the Cut Off Date (i.e. the overpayments made in February 2016 to August 2021) can be recovered 	<ul style="list-style-type: none"> • Overpayments for the period April 2011 to January 2016 cannot be claimed back as the formal claim for recovery was made more than 6 years after the Discovery Date. • Overpayments for the period February 2016 to August 2021 may be reclaimed.

* whilst this refers to the period which can be claimed, this is not the same as the period which will definitely be recovered in light of the other defences which are available to scheme members who face such claims for repayments of overpayment.

** reference to formal claim in this appendix means the commencement of formal proceedings to recover the overpayment.

Appendix 2 - Examples of HM Revenue and Customs 'genuine errors'

Genuine error - example 1

Apart from the case of pensions continuing under a 'term certain' guarantee, pensions are supposed to stop accruing on the death of the pensioner. If payments that accrued inappropriately after the death continue to be made, they will be unauthorised unless they fall within the limited conditions of regulation 15 of The Registered Pension Schemes (Authorised Payments) Regulations. The main feature of those conditions is that instalments can be paid within 6 months of the member's death providing the payer was reasonably unaware the pensioner had died.

Clearly then, once the 6 month time limit has passed, the tax rules will regard any future instalments as unauthorised member payments, and the fact the payer might remain unaware of the member's death does not change the essential character of any payment made. When the death comes to light the payer can see that the payments made more than 6 months after death were made in error.

Genuine error - example 2

The tax rules normally require that a pension being paid to a dependent who is child of a deceased member must stop when the recipient reaches age 23. If the recipient does not qualify for any of the exceptions that would allow for the continuation of their pension after that time, for example because of a disability, then the payer must make adequate arrangements to stop the pension in time. To this end they may give a clear and timely warning to the bank to stop payments from the necessary date but it can happen that the bank fails to act on those instructions and payments continue to be made in error.

In both of these examples, if the error was spotted and rectified (pension overpayments were repaid) as soon as reasonably possible, the inadvertent pension instalments (in the case of Example 1, only in respect of the instalments paid after the 6 month limit where the conditions otherwise apply) would not be unauthorised member payments.

However, there would be an unauthorised member payment if, despite the error being spotted, it is decided the repayment of the inadvertently overpaid pension instalments will not be pursued or the scheme does attempt recovery (in the case of Example 1, only in respect of the instalments paid after the 6 month limit where the conditions otherwise apply) but is unsuccessful and eventually decides to write off the overpayment (even though the decision might be taken on administration costs grounds or out of sensitivity). The exception to this will be if - as may often be the case - one of the categories of authorised payments introduced by the Registered Pension Schemes (Authorised Payments) Regulations 2009 can then be looked to in relation to payments made in genuine error but left in place.

The date of the unauthorised payment for the purpose of having to make a report of that payment would be the date that the decision is made not to seek recovery of the overpayment or the date the decision is taken to no longer seek recovery of the overpayment, as the case may be.

Where the overpayment is not pursued or, otherwise, not successfully pursued and the total of such overpaid pension instalments paid after 5 April 2006 (overpaid instalments paid before 6 April 2006 do not count for this purpose) to, or in respect of, a particular member does not exceed £250:

- for its own reasons of cost administration, under its Collection and Management powers, HM Revenue & Customs will not seek to collect the tax that, in strictness, is due in respect of the unauthorised payment (although the payment remains an unauthorised payment), and
- the scheme administrator does not have to report the unauthorised payment to HM Revenue & Customs, and
- the unauthorised payment does not have to be returned on the recipient's Self-Assessment tax return or, otherwise, be notified to HM Revenue & Customs.

If the aggregate overpayment exceeds £250, then all of the overpayment is chargeable as an unauthorised payment (i.e. one cannot deduct £250 as if it were an allowance, which it is not).

For this purpose, the £250 threshold applies to the aggregate of the overpayments actually received by, or in respect of, the member.

Where the conditions would otherwise apply in respect of pension instalments paid later than 6 months after the death of a pensioner except that the pension instalments have been paid later than 6 months after the pensioner's death, the £250 threshold applies in respect of the aggregate of the pension instalments paid after the expiry of the 6 month time limit only. The pension instalments paid up to the 6 month time limit would not be.

Overpayment of lump sums

The conditions described above apply equally where an overpayment of a lump sum occurs, such as a pension commencement lump sum or serious ill-health lump sum. So the limit of £250 will apply, but any lump sum in excess of that amount, where recovery cannot be made, will be an unauthorised payment to the extent that the amount is not an authorised payment.

For example, a pension commencement lump sum of £100,000 is due to be paid under the scheme rules, but £105,000 is paid in error. The scheme administrator is unable to affect a recovery of the excess. Under the tax rules, the pension commencement lump sum of £100,000 is the permitted maximum, so the whole excess of £5,000 is an unauthorised payment (i.e. one cannot deduct £250 as if it were an allowance, which it is not).

Note that a payment of a lump that is intended to be a pension commencement lump sum but ends up exceeding the permitted maximum may still be an authorised member payment if certain conditions are met.

Example

A pension commencement lump sum must be paid within an 18 month period starting 6 months before and ending 12 months after the member becomes entitled to the lump sum and linked pension. However, due to an error within the administration department of the pension scheme, the lump sum payment is not made by that deadline. If the lump sum is paid after the deadline it will not be a pension commencement lump sum and (unless it falls within the definition of one of the other authorised lump sums) will be an unauthorised member payment.

DRAFT

DRAFT

This page is intentionally left blank

Overpayment of Pension Entitlement Policy 2023



Contents

1. Introduction	3
2. Policy objectives	3
3. Purpose of the policy	3
4. Effective date and reviews	3
5. Scope	4
6. Managing overpayments of pension on the death of a scheme member	4
7. Managing overpayments of children’s pensions failing to cease at the appropriate time	5
8. Managing overpayments of pension entitlement following incorrect information supplied by the employer in respect of the scheme member	5
9. Managing overpayments of pension as a result of the incorrect rate of pension paid by the Fund and the member can be said to be reasonably aware of the overpayment.	6
10. Managing overpayments of pension following an incorrect rate of pension entitlement being paid by the Fund and it can be said that the member cannot have known of the overpayment	7
11. Overpayments resulting from an error with Guaranteed Minimum Pension (GMP)	8
12. Discretion to write off overpayments	8
13. Recovery	9
14. Length of time to recover overpayment	9
15. Claims of inability to repay overpayments	9
16. Monitoring repayments	10
17. Authority to write off overpayments	10
18. Reporting to the HM Revenue and Customs and effects on the Fund and individual	10
19. Prevention	11
Appendix 1 – Limitation Period Examples	12
Appendix 2 - Examples of HM Revenue and Customs ‘genuine errors’	15 14

1. Introduction

- 1.1 This is the Overpayment of Pension Entitlement Policy for Northamptonshire Pension Fund, which is managed by Northamptonshire County Council (the Administering Authority).
- 1.2 Overpayments of pension can occur for a variety of reasons. It is important that the Fund has a clear policy on how overpayments of pension entitlements are managed once they are identified.
- 1.3 Northamptonshire Pension Fund recognises the need to take a pro-active approach to identifying potentially fraudulent activity and overpayments.

2. Policy objectives

- 2.1 The policy objectives aim to ensure the Fund:
 - Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
 - Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
 - Ensures benefits are paid to, and income collected from, the right people at the right time in the right amount;
 - Identifies errors as soon as possible;
 - Rectifies overpayments with the co-operation of the individual;
 - Encourages individuals to take an active role in checking payslips/payments for obvious errors; and
 - Avoids the Internal Dispute Resolution Procedure (IDRP), where possible, by managing the process effectively.

3. Purpose of the policy

- 3.1 The policy is designed to provide assurance to the Fund's stakeholders that:
 - all overpayments are treated in a fair and equitable manner;
 - the Fund seeks to recover overpayments that have occurred, but, acknowledges that there may be legal reasons and/or other circumstances which mean that an overpayment may not, in practice, be able to be recovered (in whole or in part); and
 - has steps in place to prevent and also investigate potentially fraudulent activity.

4. Effective date and reviews

- 4.1 This policy was first approved by the Pension Committee on 31st July 2015 and was effective from 1st August 2015. The policy has since been subject to the following reviews:

Date of review by Pension Committee	Policy effective date:
22 June 2018	23 June 2018
22 March 2019	23 March 2019
<u>29 March 2023</u>	

4.2 This policy will be reviewed annually and, if necessary, more frequently to ensure it remains accurate and relevant.

5. Scope

5.1 The policy applies to:

- All members and former members, which in this policy includes survivor and pension credit members of the Northamptonshire Pension Fund who have received one or more payments from that Fund;
- Executors of the eEstates of deceased Northamptonshire Pension Fund members
- Beneficiaries of Northamptonshire Pension Fund members where those beneficiaries have received one or more payments from that Fund
- Administrators of the scheme; and
- The Pension Fund Committee.

6. Managing overpayments of pension on the death of a scheme member

6.1 Understandably, notification of a death of a pensioner member of the scheme does not always happen immediately and as such it is not always possible to stop payment of the pension after a point in the payroll month and so an overpayment can occur.

6.2 Should an overpayment of pension occur ~~following as a result of~~ the death of a scheme member, the Fund will generally seek to recover overpayments that are greater than £250.00 (gross) in value unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part). A value of £250.00 or less in the instance of the death of a scheme member has been deemed by the Fund as uneconomical to pursue. In such circumstances, the Fund's approach will be that the sum written off is treated as a liability against the scheme member's former employer.

6.3 All correspondence regarding an overpayment will be handled sensitively in the initial stages due to the circumstances surrounding how the overpayment has occurred.

6.4 An invoice will be raised by the Fund to recover an overpayment which is greater than £250.00 upon the death of a scheme member.

7. Managing overpayments of children's pensions failing to cease at the appropriate time

- 7.1 An eligible child, as defined by the LGPS Regulations 2013, is entitled to receive a pension until such a time as their circumstances change and they are no longer eligible to receive a pension from the Fund.
- 7.2 In these cases, the individual in receipt of the pension is responsible for informing the Pensions Service ~~LGSS Pensions~~ of a change in circumstances to ensure the pension is ceased at the appropriate time; failure to do so would result in an overpayment.
- 7.3 Should an overpayment of pension occur as a result of a late notification of change of circumstances, the Fund will generally seek to recover overpayments that are greater than £250.00 (gross) in value, unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part). A value of £250.00 or less has been deemed by the Fund as uneconomical to pursue. In such circumstances, the Fund's approach will be that the sum written off is treated as a liability against the scheme member's former employer.
- 7.4 An invoice will be raised by the Fund to recover the overpayment which is greater than £250.00 as a result of the late notification of the change in circumstances. The invoice will be sent to the individual whose bank account the child's pension was being paid into.

8. Managing overpayments of pension entitlement following incorrect information supplied by the employer in respect of the scheme member

- 8.1 Should an overpayment of pension occur as a result of inaccurate information provided by the scheme member's employer on retirement, the Fund will generally seek to recover monies that are greater than £250.00 in value unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part). A value of £250.00 (gross) or less has been deemed by the Fund uneconomical to pursue due to the administrative time involved.
- 8.2 Overpayments that are greater than £250.00 in value will generally be recovered through the scheme member's ongoing pension as this allows for the appropriate adjustment for tax. The pension will be reduced to the correct level for the next available monthly pension payment after a 6 week notice period. The scheme member will be notified in writing of the error and the course of action to be taken.
- 8.3 Where there is no ongoing pension from which to deduct the overpaid amount, an invoice will be arranged by the Fund to recover any the overpayment which is greater than £250.00 in value. The invoice will be sent to the individual who received the pension payment(s).
- 8.4 Where an overpayment of the lump sum has occurred following inaccurate information provided by the employer, an invoice will be arranged by the Fund to recover any overpayment which is

over £250.00 in value. The invoice will be sent to the individual who received the lump sum payment.

9. Managing overpayments of pension as a result of the incorrect rate of pension paid by the Fund and the member can be said to be reasonably aware of the overpayment.

9.1 There are a number of reasons why a pension could be paid at an incorrect higher rate. The most common reasons are detailed in the table below, but it should be noted that this is not an exhaustive list.

	Type of overpayment	How overpayment has occurred
1	Administration error upon creation of payroll record	Incorrect (overstated) rate of pension inputted onto payroll record, but, member informed in writing of the correct rate of pension to be paid.
2	Administration error upon calculation/payment of pension scheme lump sum	Incorrect (miscalculated/overstated) lump sum paid to member but member informed in writing of the correct value of the lump sum to be paid.
3	Re-employment where abatement affects rate of pension due	Re-employment not notified and within the terms of the Administering Authority policy on the exercise of their discretion relating to abatement, the member's annual pension should have been reduced or suspended due to the level of earnings in the new employment. Identified through <u>National Fraud Initiative</u> exercise or other means.
4	Entitlement to pension ceasing	Non notification that a child's pension is no longer payable as the child aged 18 or above is no longer in full time education or vocational training.
5	Entitlement to current rate of pension ceasing	A Pension Sharing Order or Earmarking Order being received after the implementation date meaning that the pension has been overpaid since that implementation date.
6	Failure to action an alteration to the payroll record/reduction in pension	Failing to implement the change from the higher short-term dependents pension to the lower long-term rate.
7	Failure to action an alteration to the payroll record/reduction in pension	Failing to implement a reduction to a pension as a result of National Insurance Modification (at State Pension Age for those members who both left the LGPS before 1 April 1998 and had membership before 1 April 1980).

9.2 If the scheme member has been notified of the correct rate of pension and/or lump sum in writing and is receiving/has received a higher amount, it can be said that the member can reasonably be aware that they are being/have been over paid as the scheme member has been notified of the correct rate in writing.

- 9.3 The Fund will, therefore, generally seek to recover monies that are greater than £250.00 gross in value, unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part). A value of £250.00 or less has been deemed by the Fund as uneconomical to pursue due to the administrative time involved.
- 9.4 The amount of overpaid pension will generally be recovered from the scheme member's ongoing pension as this allows for the appropriate adjustment for tax. The pension will also be reduced to the correct level for the next available monthly pension payment after a 6 week notice period and will be notified in writing of the error and the course of action to be taken.
- 9.5 Where there is no ongoing pension from which to deduct the overpaid amount, OR the pension scheme lump sum has been overpaid, an invoice will be arranged by the Fund to recover the overpayment which is greater than £250.00 in value. The invoice will be sent to the individual who received the pension/lump sum payment.

10. Managing overpayments of pension following an incorrect rate of pension entitlement being paid by the Fund and it can be said that the member cannot have known of the overpayment

- 10.1 The table below illustrates how an overpayment of a member's pension can occur without the member being aware. It should be noted that the table below is not an exhaustive list;

	Type of overpayment	How overpayment has occurred
1	Administration error upon calculation and notification of benefit entitlement (includes dependants' pensions <u>and Pension Credit members</u> .)	Incorrect (overstated) rate of pension inputted onto payroll record and member informed in writing of the, incorrect, rate of pension to be paid.
2	<u>Administration error upon calculation and notification of pension scheme lump sum entitlement</u>	<u>Incorrect (overstated) pension scheme lump sum paid to the member and member informed in writing of the incorrect lump sum to be paid</u>
3	Pensions Increase	Pensions Increase inaccurately applied to the elements of a pension in payment.

- 10.2 In these circumstances the Fund will generally seek to recover monies that are greater than £250.00 gross in value unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part). A value of £250.00 or less has been deemed by the Fund as uneconomical to pursue due to the administrative time involved.
- 10.3 The amount will be recovered from the scheme member's ongoing pension as this allows for the appropriate adjustment for tax. The pension will also be reduced to the correct level for the next available monthly pension payment after a 6 week notice period. The scheme member will be notified in writing of the error and the course of action to be taken.

10.4 Where there is no ongoing pension from which to deduct the overpaid amount, or an overstated pension scheme lump sum has been paid, an invoice will be arranged by the Fund to recover any ~~the~~ overpayment which is greater than £250.00 in value. The invoice will be sent to the individual who received the pension/lump sum payment.

11. Overpayments resulting from an error with Guaranteed Minimum Pension (GMP)

11.1 Overpayments can also occur as a result of an the incorrect or non-application of the GMP element of a member's pension as detailed in the table below.

1	GMP not included in the pension being paid	New information from HMRC or a review of the member's record shows that a GMP should have been included within the pension, but, has not. Due to the different way cost of living increases are applied to GMP and the excess over GMP, means that, overall, a lower level of pensions increase should have been paid.
2	Incorrect level of GMP being paid	New information from HMRC or a review of the member's record leads to a revised rate of GMP to be used which, due to the different way cost of living increases are applied to GMP and the excess over GMP, means that, overall, a lower level of pensions increase should have been paid.
3	GMP not accurately split between pre 88 and post 88	New information from HMRC or a review of the member's record shows that a GMP has not been apportioned correctly. Due to the different way cost of living increases are applied to pre 88 GMP and post 88 GMP, means that, overall, a lower level of pensions increase should have been paid.

11.2 The application of GMP to a member's pension requires a high degree of technical understanding that can only reasonably be expected of a pensions practitioner. As such, and where there has been no explicit communication to the member that would mean that they could have known that their pension was being paid incorrectly as a result of the non or misapplication of GMP, the overpayment of any value should be written off without the requirement for authorisation as detailed in 17.1.

11.3 The pension will be reduced to the correct level for the next available monthly pension payment after a 6 week notice period. The scheme member will be notified in writing of the error and the course of action to be taken.

12. Discretion to write off overpayments

12.1 For all scenarios mentioned above, Officers have the ability to exercise discretion in the event of legal reasons and/or exceptional circumstances and to ensure no individual is unfairly treated. If the pursuing recovery of an overpayment was to cause significant distress and/or if there are legal

reasons as to why the overpayment may not be recovered (in whole or in part) this would be taken into account as would the cost effectiveness of recovery. All applications made to write off of an overpayment will be investigated on a case by case basis and final decision will be made by the appropriate officer listed in section 17, dependent upon the amount potentially being written off.

- 12.2 The Northamptonshire Pension Fund has authority to automatically write off any amount up to £250.00 in line with HM Revenue and Customs authorised payments limits and analysis of the cost effectiveness of pursuing amounts up to this value.

13. Recovery

- 13.1 The Limitation Act 1980 states that *“An action founded on simple contract shall not be brought after the expiration of six years from the date on which the cause of action accrued”*. However, section 32(1) of the Act effectively ‘postpones’ the date by which an administering authority may make a claim to recover monies in certain circumstances. It states *“the period of limitation shall not begin to run until the plaintiff has discovered the fraud, concealment or mistake (as the case may be) or could with reasonable diligence have discovered it”*. The potential effect of section 32(1) in relation to any overpayment and its recovery will be considered on a case-by-case basis.
- 13.2 Therefore, the Fund will generally seek to recover overpayments that have been discovered within the last 6 years, with the relevant postponement applied, if applicable, in line with the Limitation Act unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part).
- 13.3 Examples of limitation periods and how they operate in relation to overpayments are included in appendix 1 of this policy.
- 13.4 It should be borne in mind that where the Fund seeks to recover overpayments, there may be arguments raised as to why the overpayment should not be recovered (in whole or in part). These will need to be considered on a case-by-case basis and, if successful, may affect the ability of the Fund to recover the overpayment (in whole or in part).

14. Length of time to recover overpayment

- 14.1 The Fund will allow a pension overpayment to be recovered over the same amount of time as the overpayment occurred. For example, if overpayments were made over a 3 month period, the recovery period to repay the overpayment will be over 3 months. In the event that reasonable arguments are advanced that the recovery period should be extended, the Fund can at its discretion allow an extension based on the individual’s circumstances.

15. Claims of inability to repay overpayments

- 15.1 In cases where it is claimed that an overpayment cannot be repaid, officers of the Fund will enter into negotiations with the scheme member/next of kin and an analysis of the cost effectiveness of pursuing the overpayment will be undertaken on a case-by-case basis. For large overpayments,

where appropriate, the Fund will seek legal advice. This approach will reduce the number of Internal Dispute Resolution Procedures applications and referrals to the Pensions Ombudsman. For any cases that do reach the Pensions Ombudsman, Northamptonshire Pension Fund would have demonstrated engagement and negotiation with the complainant.

16. Monitoring repayments

- 16.1 In cases where recovery is not being made through the payroll and an invoice has been raised, the responsibility for chasing the payment rests with the [West Northamptonshire Council](#) ~~LGSS~~ Debt Recovery Team. If a final reminder is issued, officers are notified and a decision is made by the Head of Pensions as to whether to take legal action, taking into consideration the amount and circumstances against the potential of legal action.

17. Authority to write off overpayments

- 17.1 In line with the County Council's Scheme of Delegation, the Fund will apply the following levels of authority when writing off overpayments:

Total value of overpayment*	Authority to write off overpayment
No more than £250.00 (gross) on death of a pensioner and any other overpayment type	Officers
Up to no more than £10,000 (gross)	Head of Pensions (in the absence of the Head of Pensions authority will move to the Section 151 Officer)
£10,000+ (gross)	Section 151 Officer
*Subject to a full evidence-based report produced by Officers of the Fund	

18. Reporting to the HM Revenue and Customs and effects on the Fund and individual

- 18.1 Administering authorities are obliged to correct any error they discover within a reasonable period of time. To do otherwise would render payments unauthorised under Section 14 of the Registered Pension Scheme (Authorised Payments) Regulations 2009. The HM Revenue and Customs have a clear steer with regards to timing, in so much that "*When a scheme discovers an overpayment it immediately becomes unauthorised and is subject to an unauthorised tax charge*".
- 18.2 Regulation 13 ~~states~~ ~~ays~~ that a payment made in error will be an authorised payment if the:
- Payment was genuinely intended to represent the pension payable to the person;
 - Administering authority believed the recipient was entitled to the payment and;
 - Administering authority believed the recipient was entitled to the amount of pension that was paid in error.
- 18.3 In addition to the above, there is a further exemption where the overpayment is a 'genuine error' and the aggregate overpayment (paid after 5th April 2006) is less than £250. In such circumstances, if the overpayment is not recovered it remains an unauthorised payment, but, it

does not have to be reported to HM Revenue and Customs and HM Revenue and Customs will not seek to collect tax charges on it.

- 18.4 Examples of HM Revenue and Customs 'genuine errors' are in appendix 2 of this policy.
- 18.5 The Finance Act 2004 also sets out a list of the payments which a registered pension scheme is authorised to make to members. Payments which do not fall within the list will become unauthorised payments and could result in up to three tax charges applying: 1) an authorised payments charge on the recipient of the payment; 2) an unauthorised payments surcharge on that recipient; and 3) a scheme sanction charge on the scheme.
- 18.6 Payments made in the period between notifying the member of an overpayment and the point at which the correction to the right level of pension is made will be regarded under the above legislation as an unauthorised payment. If the total amount of pension paid at the incorrect rate from point of notification to date of reduction to the correct rate is greater than £250 (gross) it would be subject to tax charges 1) and 3) and possibly 2 as set out in section 18.5.

19. Prevention

- 19.1 The Fund has in place processes in order to minimise the risk of overpayments occurring.
- 19.2 The National Fraud Initiative is conducted every two years; it compares files of pensioners with the Department for Work and Pensions database of the deceased and highlights matches for investigation. Northamptonshire Pension Fund actively participates in this initiative.
- 19.3 Northamptonshire Pension Fund participates in overseas life existence checks to ensure only legitimate pensions are being paid and to reduce the likelihood of fraudulent activity.
- 19.4 A report is run periodically on the pension administration system to identify individuals in receipt of a child's pension, further investigations are then carried out for children that are identified as over the age of 18 to ensure they are still entitled to receive a pension.
- 19.5 Northamptonshire Pension Fund includes reminders in its correspondence that the Fund must be advised of changes in circumstances or the death of a scheme member. The Fund also investigates any returned pensioner payslips and pension payments returned by banks and building societies to ensure the welfare of the scheme member and to protect payment of the Fund's money.
- 19.6 Fund officers have a robust system in place for identifying changes to the payroll that need to be processed for a particular payroll month. The process incorporates payroll deadlines and ensures changes are made in a correct and timely manner. This would be in circumstances such as a change from a short-term dependant's pension to a long-term pension.

Appendix 1 – Limitation Period Examples

Scenario	Limitation Period	Overpayment Period which can be claimed*
<ul style="list-style-type: none"> • Overpayments began in April 201308 (the first Mistake Date) • Overpayments discovered, or could have been discovered with reasonable due diligence, in August 20150 (the Discovery Date under Section 32 of the Limitation Act 1980) • Overpayments made for period between April 201308 and August 20150 • Formal claim** for recovery made in January 202015 (the Cut Off Date as referred to in <i>Webber v Department for Education</i>) 	<ul style="list-style-type: none"> • No issues in principle with the Limitation Period as formal claim for recovery commenced within 6 year period after the Discovery Date • Claims are therefore valid and should proceed 	<ul style="list-style-type: none"> • Overpayments back to when they began in April 201308 until August 20150 may be claimed <u>(based on the assumption that the overpayment was discovered in August 2015, if not discovered at this time the overpayment period would be longer).</u>
<ul style="list-style-type: none"> • Overpayments began in April 20083 (the first Mistake Date) • Overpayments discovered, or could have been discovered with reasonable due diligence, in November 201409 (the Discovery Date under Section 32 of the Limitation Act 1980) • Overpayments made from April 20083 to November 2009 • Formal claim for recovery made in December 20161 (the Cut Off Date as referred to in <i>Webber</i>) 	<ul style="list-style-type: none"> • No issues in principle with the Limitation Period as formal claim for recovery commenced within 6 year period after the Discovery Date • Claims are therefore valid and should proceed 	<ul style="list-style-type: none"> • Overpayments back to when they began in April 20083 until November 201409 may be claimed <u>(based on the assumption that the overpayment was discovered in November 2014, if not discovered at this time the overpayment period would be longer).</u>

<ul style="list-style-type: none"> • Overpayments began in January 20041999 (the first Mistake Date) • Overpayments discovered or could have been discovered with reasonable due diligence in September 202116 (when the date was received from HM Treasury in relation to the GMP equalisation exercise) (the Discovery Date under Section 32 of the Limitation Act 1980) • Overpayments made for the period from January 20041999 to September 202116 • Formal claim for recovery made in February 202217 (the Cut Off Date as referred to in <i>Webber</i>) 	<ul style="list-style-type: none"> • No issues in principle with the Limitation Period as formal claim for recovery commenced within 6 year period after the Discovery Date • Claims are therefore valid and should proceed 	<ul style="list-style-type: none"> • Overpayments back to when they began in January 20041999 until September 202116 may be claimed <u>(based on the assumption that the overpayment was discovered in September 2021, if not discovered at this time the overpayment period would be longer).</u> •
<ul style="list-style-type: none"> • Overpayments began in April 201106 (the first Mistake Date) • Overpayments discovered, or could have been discovered with reasonable due diligence, in August 201409 (the Discovery Date under Section 32 of the Limitation Act 1980) • Overpayments made for period between April 201106 and August 201409 • Formal claim for recovery made in January 202217 (the Cut Off Date as referred to in <i>Webber</i>) 	<ul style="list-style-type: none"> • Issue with the Limitation Period as formal claim for recovery commenced more than 6 years after the Discovery Date • Claims are therefore out of time and should not proceed 	<ul style="list-style-type: none"> • Overpayments cannot be claimed back as the formal claim for recovery was made more than 6 years after the Discovery Date <u>(based on the assumption that the overpayment was discovered in August 2014, if discovered after this time a period of reclaim maybe applicable).</u>

<ul style="list-style-type: none"> • <u>Overpayments began in April 2011 (the first Mistake Date)</u> • <u>Overpayments discovered, or could have been discovered with reasonable due diligence, in August 2014 (the Discovery Date under Section 32 of the Limitation Act 1980)</u> • <u>Overpayments made for period between April 2011 and August 2021</u> • <u>Formal claim** for recovery made in January 2022 (the Cut Off Date as referred to in <i>Webber</i>)</u> • <u>_____</u> 	<ul style="list-style-type: none"> • <u>Issue with the Limitation Period as formal claim for recovery commenced more than 6 years after the Discovery Date</u> • <u>Claims for overpayments between April 2011 and January 2016 are therefore out of time and should not proceed</u> • <u>However, as each monthly overpayment is a separate overpayment, the effect of the <i>Webber</i> case is that overpayments made in the 6 years prior to the Cut Off Date (i.e. the overpayments made in February 2016 to August 2021) can be recovered</u> 	<ul style="list-style-type: none"> • <u>Overpayments for the period April 2011 to January 2016 cannot be claimed back as the formal claim for recovery was made more than 6 years after the Discovery Date.</u> • <u>Overpayments for the period February 2016 to August 2021 may be reclaimed.</u>
--	--	---

* whilst this refers to the period which can be claimed, this is not the same as the period which will definitely be recovered in light of the other defences which are available to scheme members who face such claims for repayments of overpayment.

** reference to formal claim in this appendix means the commencement of formal proceedings to recover the overpayment.

Appendix 2 - Examples of HM Revenue and Customs 'genuine errors'

Genuine error - example 1

Apart from the case of pensions continuing under a 'term certain' guarantee, pensions are supposed to stop accruing on the death of the pensioner. If payments that accrued inappropriately after the death continue to be made, they will be unauthorised unless they fall within the limited conditions of regulation 15 of The Registered Pension Schemes (Authorised Payments) Regulations. The main feature of those conditions is that instalments can be paid within 6 months of the member's death providing the payer was reasonably unaware the pensioner had died.

Clearly then, once the 6 month time limit has passed, the tax rules will regard any future instalments as unauthorised member payments, and the fact the payer might remain unaware of the member's death does not change the essential character of any payment made. When the death comes to light the payer can see that the payments made more than 6 months after death were made in error.

Genuine error - example 2

The tax rules normally require that a pension being paid to a dependent who is child of a deceased member must stop when the recipient reaches age 23. If the recipient does not qualify for any of the exceptions that would allow for the continuation of their pension after that time, for example because of a disability, then the payer must make adequate arrangements to stop the pension in time. To this end they may give a clear and timely warning to the bank to stop payments from the necessary date but it can happen that the bank fails to act on those instructions and payments continue to be made in error.

In both of these examples, if the error was spotted and rectified (pension overpayments were repaid) as soon as reasonably possible, the inadvertent pension instalments (in the case of Example 1, only in respect of the instalments paid after the 6 month limit where the conditions otherwise apply) would not be unauthorised member payments.

However, there would be an unauthorised member payment if, despite the error being spotted, it is decided the repayment of the inadvertently overpaid pension instalments will not be pursued or the scheme does attempt recovery (in the case of Example 1, only in respect of the instalments paid after the 6 month limit where the conditions otherwise apply) but is unsuccessful and eventually decides to write off the overpayment (even though the decision might be taken on administration costs grounds or out of sensitivity). The exception to this will be if - as may often be the case - one of the categories of authorised payments introduced by the Registered Pension Schemes (Authorised Payments) Regulations 2009 can then be looked to in relation to payments made in genuine error but left in place.

The date of the unauthorised payment for the purpose of having to make a report of that payment would be the date that the decision is made not to seek recovery of the overpayment or the date the decision is taken to no longer seek recovery of the overpayment, as the case may be.

Where the overpayment is not pursued or, otherwise, not successfully pursued and the total of such overpaid pension instalments paid after 5 April 2006 (overpaid instalments paid before 6 April 2006 do not count for this purpose) to, or in respect of, a particular member does not exceed £250:

- for its own reasons of cost administration, under its Collection and Management powers, HM Revenue & Customs will not seek to collect the tax that, in strictness, is due in respect of the unauthorised payment (although the payment remains an unauthorised payment), and
- the scheme administrator does not have to report the unauthorised payment to HM Revenue & Customs, and
- the unauthorised payment does not have to be returned on the recipient's Self-Assessment tax return or, otherwise, be notified to HM Revenue & Customs.

If the aggregate overpayment exceeds £250, then all of the overpayment is chargeable as an unauthorised payment (i.e. one cannot deduct £250 as if it were an allowance, which it is not).

For this purpose, the £250 threshold applies to the aggregate of the overpayments actually received by, or in respect of, the member.

Where the conditions would otherwise apply in respect of pension instalments paid later than 6 months after the death of a pensioner except that the pension instalments have been paid later than 6 months after the pensioner's death, the £250 threshold applies in respect of the aggregate of the pension instalments paid after the expiry of the 6 month time limit only. The pension instalments paid up to the 6 month time limit would not be.

Overpayment of lump sums

The conditions described above apply equally where an overpayment of a lump sum occurs, such as a pension commencement lump sum or serious ill-health lump sum. So the limit of £250 will apply, but any lump sum in excess of that amount, where recovery cannot be made, will be an unauthorised payment to the extent that the amount is not an authorised payment.

For example, a pension commencement lump sum of £100,000 is due to be paid under the scheme rules, but £105,000 is paid in error. The scheme administrator is unable to affect a recovery of the excess. Under the tax rules, the pension commencement lump sum of £100,000 is the permitted maximum, so the whole excess of £5,000 is an unauthorised payment (i.e. one cannot deduct £250 as if it were an allowance, which it is not).

Note that a payment of a lump that is intended to be a pension commencement lump sum but ends up exceeding the permitted maximum may still be an authorised member payment if certain conditions are met.

Example

A pension commencement lump sum must be paid within an 18 month period starting 6 months before and ending 12 months after the member becomes entitled to the lump sum and linked pension. However, due to an error within the administration department of the pension scheme, the lump sum payment is not made by that deadline. If the lump sum is paid after the deadline it will not be a pension commencement lump sum and (unless it falls within the definition of one of the other authorised lump sums) will be an unauthorised member payment.

DRAFT

DRAFT

This page is intentionally left blank



West Northamptonshire Council

Pension Fund Committee

29/3/2023

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund – Communications strategy
Report Author	Sharon Grimshaw, Communications Officer sharon.grimshaw@westnorthants.gov.uk

Contributors/Checkers/Approvers

MO	Sarah Hall on behalf of Catherine Whitehead	21/3/2023
S151	James Smith on behalf of Martin Henry	7/3/2023
Head of Pensions	Mark Whitby	24/2/2023

List of appendices

Appendix 1 – Communications strategy

Appendix 2 – Communications plan

Appendix 3 – Website review update

1. Purpose of report

- 1.1 To seek approval from the Pension Fund Committee for the communications strategy, communications plan and website review project for 2023.

2. Executive summary

- 2.1 This report is asking for approval for the communications strategy, communications plan, and website review project for 2023.
- 2.2 Our communications strategy has been updated to reflect current membership and employer numbers, to include a new section on lifestyle communications, and to reflect technological updates on our methods of communication.
- 2.3 Our communications plan will focus on our key projects like McCloud, the pensions dashboard and our website review in addition to statutory communications and promotion of the online pension account for members.
- 2.4 From the research we conducted in our website review we've agreed to focus on restructuring the content of the website.
- Testing a personalised approach with different search and navigation options.
 - Creating prototypes and testing with members, employers, and the Pensions team.

3 Recommendations

- 3.1 The Pension Committee is asked to:
- a) approve the Communication Strategy (see section 5.1)
 - b) approve the Communication Plan (see section 5.2)
 - c) note the work being undertaken on the website development review (see section 5.3)

4 Report background

- 4.1 Regulation 61 of the Local Government Pension Scheme Regulations 2013 state that an administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with members and scheme employers.
- 4.2 Our communications strategy has been updated for 2023 and outlines our strategic approach to communications. It can be found in appendix 1. Our communications plan for 2023/24 details the communications activities to be undertaken within the scheme year and can be found in appendix 2.
- 4.3 The Committee previously approved a review of the Fund’s website. Officers have worked with the West Northamptonshire Council Digital team to carry out a user led review of the website. An update on the project and final recommendations for improvement are provided within this report.
- 4.4 This report was reviewed by the Local Pension Board, and they identified no substantive changes.

5 Issues and choices

5.1 Communication Strategy

- 5.1.1 We’ve made the following changes to our communications strategy for 2023 in appendix 1:
- 5.1.2 Introduction – the number of employers has been updated from 321 to 319 and members from over 62,000 to over 76,000. The reason for the increase in members is because we have included those members that are classed as ‘undecided leavers’ in the ‘deferred member’ category to be consistent with the annual report and accounts, whereas in the previous strategy these members were left out.
- 5.1.3 The members per category were updated as follows:

Category	Previous strategy	2023 communications strategy
Active members	21,916	24,055
Deferred members	23,917	34,759
Pensioner members	17,057	17,705

- 5.1.4 We added a new section on lifestyle communications to reflect how we're trying to make our communications more engaging by linking them around different life events, like getting married, moving in with a partner, starting a family, buying their first home, or getting a promotion.
- 5.1.5 We added a new section on performance indicators which we plan to benchmark against other Funds once this information becomes available. The key information that we are monitoring is the proportion of members that have registered for their online pension account and the proportion of members that have opted out of electronic communications.
- 5.1.6 Under methods of communication we removed references to Skype as this is no longer used and added in videos and MS Teams.

5.2 Communication Plan

- 5.2.1 Our communications plan included as appendix 2 outlines our planned communication activities for 2023/24, on a monthly basis, for each of our stakeholders.
- 5.2.2 The communications plan shows the completion of our valuation activities, communication for key projects like McCloud and the pensions dashboard and our focus around increasing engagement about pensions in general by supporting activities like Pensions Awareness Week and the Pension Attention campaign.
- 5.2.3 It also includes the implementation phase of our website project.
- 5.2.4 The plan also includes timings for issuing statutory communications and cyclical newsletters, surveys, and employer training.

5.3 Website review

- 5.3.1 Our website review project (see appendix 3 for more detail) aims to determine whether our member and employer websites still meet the best user needs and will give recommendations on how to improve, move or replace both sites. We've held detailed interviews with members and employers to highlight any issues with the websites' navigation and surveyed over 1,700 people to find out what members and employers most wanted to know about pensions.
- 5.3.2 From the findings we've agreed to focus on restructuring the content of the website.
- Testing a personalised approach with different search and navigation options.
 - Creating prototypes and testing with members, employers, and the Pensions team.

6 Implications (including financial implications)

6.1 Resources and Financial

- 6.1.1 There are no direct finance and resourcing implications of the communications plan in general. Ongoing communication costs are picked up in the administration budget. The cost of any communications activities connected with the business plan activities will be included with the costings in the business plan.
- 6.1.2 Our drive to increase electronic communications should save costs in the long term.
- 6.1.3 A £60k budget has been requested in the business plan to replace both member and employer websites, with £30k to be financed by Northamptonshire Pension Fund.

6.2 Legal

6.2.1 Not applicable.

6.3 Risk

6.3.1 We are required by legislation to prepare, maintain and publish a written statement setting out our policy concerning communications with members and scheme employers.

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

Risk No.	Risk	Residual risk rating
7	Information may not be provided to stakeholders as required.	Green
17	Failure to administer the scheme in line with regulations and guidance	Green

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

[Northamptonshire Risk Register](#)

6.4 Relevant Pension Fund objectives

6.4.1 The following objectives have been considered in this report:

- To promote the scheme as a valuable benefit.
- To deliver consistent plain English communications to stakeholders.
- To provide scheme members with up to date information about the scheme in order that they can make informed decisions about their benefits.
- To seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.

6.5 Consultation

6.5.1 Not applicable.

Communications Strategy

Published by:
Pensions Service
West Northamptonshire Council
One Angel Square
Angel Street
Northampton
NN1 1ED

01604 366537
pensions@westnorthants.gov.uk
pensions.westnorthants.gov.uk

Contents

1. Introduction	3
2. Communication strategy	3
Regulatory framework	3
Key objectives	4
Effective date	4
Review	4
Stakeholders	4
Brand identity	5
Confidentiality	5
Disclosure	5
Cyber security	5
Equality and accessibility	5
Freedom of information	6
Digital communications	6
Lifestyle communications	6
Implementation of communication key objectives	8
Performance indicators	9
Methods of communication and key messages/objectives for stakeholders	10
Self-service	10
Electronic notifications	10
Videos	11
MS Teams	11
Secure web portals	11
3. Further information	16

1. Introduction

This is the communications strategy for the Northamptonshire Local Government Pension Fund managed by West Northamptonshire Council (the administering authority).

The Fund has around 319 employers with contributing members and over 76,000 scheme members. These members are split into the following categories and with the following approximate numbers of members in each category:

Category	Northamptonshire Pension Fund
Active scheme members	24,055
Deferred scheme members	34,759
Pensioner members	17,705

This document outlines our strategic approach to communications and is effective from 1 April 2023. It gives detail of how we're moving towards more digital based communications and how we plan to use technology to enhance our service and reduce costs where appropriate. We want as many people as possible to be able to access our communications and try to meet the needs all of our stakeholders. We would actively encourage any feedback where people do not find them to be accessible.

2. Communication strategy

Regulatory framework

This document has been produced in accordance with regulation 61 of the Local Government Pension Scheme regulations 2013. The regulation requires administering authorities to:

- Prepare, maintain and publish a written statement setting out their policy concerning communications with:
 - scheme members (active, deferred, retired and dependant)
 - representatives of scheme members
 - prospective scheme members
 - scheme employers
- Set out their policy on:
 - the provision of information and publicity about the scheme
 - the format, frequency and method of distributing such information or publicity
 - the promotion of the scheme to prospective scheme members and their employers.
- Keep the statement under review and make such revisions as are appropriate following a material change in the policy on any of the matters included. If revisions are made, a revised statement must be published.

The regulations also state that, before ceasing postal communications, Funds are required to write to members by post on multiple occasions informing them of their intention to move to digital communications as standard and offering them the option of opting out of receiving digital communications.

Key objectives

The communications of Northamptonshire Pension Fund will be delivered in line with the following objectives as outlined in our business plan.

- To promote the scheme as a valuable benefit.
- To deliver consistent plain English communications to stakeholders.
- To provide scheme members with up to date information about the scheme so they can make informed decisions about their benefits.

You can see how we're measuring these objectives in the 'Implementation of Communication Key Objectives' section.

It also helps to deliver these further objectives.

- 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 administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.

Effective date

This policy was approved by the Pension Committee on 21 October 2014 and has been subject to the following reviews:

Date of review	Effective date	Type of review
24 March 2017	25 March 2017	Full review
27 January 2020	28 January 2020	Full review

Review

Our communications strategy will be reviewed every 3 years to make sure it remains accurate and relevant. Our communications plan will be updated on an annual basis.

Stakeholders

There are several categories of stakeholder as detailed below:

- Active scheme members
- Prospective scheme members
- Deferred scheme members
- Retired and dependant scheme members
- Scheme employers
- Staff
- Pension Fund committee
- Northamptonshire tax payers
- Members of the public
- Scheme advisory board
- Local pension board
- External bodies:
 - Trades Unions
 - Her Majesty's Revenue & Customs (HMRC)
 - Ministry of Housing, Communities and Local Government (MHCLG)

- The Pensions Regulator (TPR)
- National Fraud Initiative (NFI)
- Audit Commission
- HM Treasury
- Department of Work and Pensions (DWP)

Brand identity

We recognise that our visual identification is one of our most powerful assets. It tells people who we are and influences how they remember and relate to us. Our branding increases our reputation whilst uniting us visually. When branding our communications, it's important that:

- We have an individual Fund identity that is distinct from the County Council identities.
- The look and feel of a communication should be identical where possible, but with separate Fund branding – e.g. newsletters should be identical where possible but would clearly display separate Fund branding on the front cover and only refer to the relevant Fund throughout the text.
- If it's unreasonable to produce different materials (e.g. cost difference, logistical challenges, etc) a joint brand is to be considered.
- The Pension Fund Board will be included in high-level branding decisions.
- The brand will need to be adaptable to other Funds that may join in the future.

Confidentiality

The Fund is registered under the Data Protection Act 2018 as part of West Northamptonshire Council. Information will be shared between Cambridgeshire County Council and West Northamptonshire Council for the purposes of pensions' administration. Information regarding scheme members and organisations is treated with respect by all our staff.

Disclosure

We may, if we choose, pass certain details to a third party, if the third party is carrying out an administrative function for us, for example, our notification providers. When exchanging data with third parties we use secure portals. Our full privacy notice is published on our website:

- pensions.westnorthants.gov.uk

by clicking on Governance and then Key Documents.

Cyber security

We take the security of personal information very seriously. Most pension records are held electronically, and many pension scheme members can now access their own pension records online. The Data Protection Act 2018, along with guidance from The Pensions Regulator, sets out rules that pension Funds must follow to make sure that they have good cyber security (protection for computers and communications networks).

We work closely with our suppliers to make sure the systems that hold personal information are protected. We have procedures in place to check that processes and people are kept up to date. We also regularly and thoroughly test systems to make sure that they stay secure and that the risk of a security incident is reduced. We make sure that our suppliers have certificates which prove they meet the expected cyber-security standards and that the certificates are kept up to date.

Equality and accessibility

We are committed to ensuring our communications are accessible to everyone. We give all members the option to opt out of electronic communications or to receive them in the best format for them eg braille, audio CD, alternative languages or other reasonable adjustments. We also make sure that our communications are easy to

understand through use of Plain English accreditation and readability scores and never use colour as the only way to convey information.

A scheme member can opt out of electronic communications, at any time, by informing us in writing or by email that they wish to do so.

In addition; for web based communications:

- Our website navigation works in a consistent way throughout our website.
- We use a standard web font to make it easy to read.
- Any images we use also include a text description to explain what they are unless they're only descriptive.
- We write our links so that they make sense when screen readers analyse them.

Freedom of information

This communications strategy identifies the classes of information that we publish or intend to publish in compliance with the Freedom of Information Act. Anyone has a right under the Freedom of Information Act to request any information held by us which is not already made available. Requests should be made in writing to the head of pensions at the address at the end of this document.

A fee may be charged, and we reserve the right to refuse a request if the cost of providing the information is disproportionately high; if following prompting the request is unclear; and when the requests are vexatious or repeated.

Digital communications

In an increasingly digital world, it's important for us to use the latest technology to adopt new ways of communicating with our stakeholders and make sure:

- stakeholders have a better experience when interacting with us
- our officers have the skills, knowledge and tools available to communicate with stakeholders in the most secure and efficient ways possible
- we can deliver on its communications objectives as effectively as possible by using the communication channels most likely to get through to stakeholders
- the cost and time spent communicating with stakeholders is reduced
- communications are secure by default.

This communications strategy provides information about how we'll use digital communication technologies to implement the communications strategy and meet its communication objectives.

Digital communications offer many benefits over paper:

- environmentally friendly by being paper-free with no printing or physical distribution needed
- quicker, more reliable, more secure and less costly than postal communication
- information is easily available to stakeholders whenever they need it
- documents are stored digitally in one place and available at all times eliminating the need to print and store documents
- easier to engage in bulk communications with stakeholders
- increases engagement by mirroring the way that people communicate at home.

Lifestyle communications

Our aim is to make pensions more engaging by tuning into other events that are happening in our members lives and explaining what actions they may need to take at these different stages. For example, for someone that's getting married or moving in with their partner, we'd suggest they should:

- check their death grant nomination

- update us if there's a change of name
- update us if there's a change of address.

Or for someone starting a family or buying their first home and looking to save money, rather than opt out of the pension scheme we may suggest they think about the 50:50 scheme. Or for someone that's recently been promoted they may want to think about paying more into their pension.

Implementation of communication key objectives

This table sets out the implementation of the delivery of our key communication objectives.

The agreed objectives with measures for success that form the communication strategy are:

Objective	Digital implementation	Measures of success	Review process
Promote the scheme as a valuable benefit	<ul style="list-style-type: none"> • Emails (through 3rd party bulk notification systems) • Texts (through 3rd party bulk notification systems) • Electronic newsletters • Self-service portals • Digital materials provided to employers for publication via: <ul style="list-style-type: none"> ○ Intranet communications ○ Website content ○ Video walls (where available) ○ Meeting room pads (where available) ○ Blogs 	<ul style="list-style-type: none"> • Reduction in number of members opting out of the scheme • Positive feedback from stakeholders • Communications promote the scheme as a valuable benefit in a way that it understood by the audience 	<ul style="list-style-type: none"> • Monitor opt out rates annually • Surveys and polls on websites • Review scheme communications for effectiveness • Online rating of document usefulness • Obtain Plain English Accreditation • Bulk email engagement ratings (% opened & clicked links)
Provide scheme members with up to date information about the scheme so they can make informed decisions about their benefits.	<ul style="list-style-type: none"> • Emails (through 3rd party bulk notification systems) • Texts (through 3rd party bulk notification systems) • Electronic newsletters • Website content • Self-service portals 	<ul style="list-style-type: none"> • Communication includes information and changes to the scheme that supports all stakeholder understanding • Communication is delivered via the most appropriate media to the audience with a focus on electronic communication where possible • Effective promotion of new media or change of processes to all stakeholders 	<ul style="list-style-type: none"> • Surveys and polls (on websites and by email/post). Focus groups • Surveys and polls on websites. Focus groups. Monitor hits on website. Record and review method of communication used. Use appropriate media to convey relevant messages • Bulk email engagement ratings (% opened & clicked links) • Surveys and polls on websites. Focus groups. Monitor incoming telephone call and email volumes • Bulk email engagement ratings (% opened & clicked links)

Objective	Digital implementation	Measures of success	Review process
Deliver consistent plain English communications to stakeholders	<ul style="list-style-type: none"> • Emails (through 3rd party bulk notification systems) • Texts (through 3rd party bulk notification systems) • Electronic newsletters • Self-service portals • Digital materials provided to employers for publication via: <ul style="list-style-type: none"> ○ Intranet communications ○ Website content ○ Video walls (where available) ○ Meeting room pads (where available) ○ Blogs 	<ul style="list-style-type: none"> • Effective and timely communications to be sent to all stakeholders in clear language • that is understood and relevant • Feedback from all audiences on the quality and language used in the communication sent • Feedback on the simplicity, relevance and impact of the communication sent 	<ul style="list-style-type: none"> • Monitor enquiries from stakeholders following key events and communications. (Reduced enquiries mean effective delivery) • Bulk email engagement ratings (% opened & clicked links) • Surveys and polls on websites. Focus groups. • Surveys and polls on websites. Focus groups. • Submit all standard communications for Plain English assessment with the aim of achieving Plain English accreditation.

Performance indicators

Below are our baseline figures that we can measure ourselves against next year.

We also plan to measure ourselves against other Funds once this information becomes available.

Member type	Proportion registered for online pension account	Proportion opted out of electronic communications
All members	40%	3.02%
Actives	48%	1.94%
Deferreds	36%	1.51%
Pensioners	42%	7.54%

Methods of communication and key messages/objectives for stakeholders

We aim to use the most appropriate method of communication when dealing with stakeholders. This may involve more than one communication method.

We hope that our website will be the first port of call for most stakeholders where appropriate. We're committed to using technology to enhance our service and reduce costs, where appropriate, and have switched to electronic communication as our primary means of contact for most stakeholders. We will continue to explore and develop further use of electronic communications through our website, emails, webinars and self-service.

Self-service

All members of the Fund have been offered access to a personal online pension account. This gives members controlled access to their own details, allowing them to review and update their personal information, view information about their pension benefits and carry out benefit projection calculations.

We aim to move to a position where most communications are sent to members through their online pension account, with electronic notifications used to inform them that these are available online, replacing postal communications.

Both active and deferred members already receive their annual benefit statements through their online account each year and it is also planned to provide payslips and P60s to pensioner members via their online account.

Electronic notifications

We use bulk notification systems to manage and deliver bulk communication to both members and employers. We'll use these systems to manage communication campaigns, by email and text message, to provide important information and increase member and employer engagement.

Emails will be used for promotional campaigns and important scheme updates to both members and employers and to notify members that documents, and other communications are available through their online pension account. Text messaging will be used solely to notify members and employers that documents and other communications are available through their online pension accounts.

These communication methods will provide a better, more secure experience for both members and employers, increase efficiency and reduce the cost and time of communicating with these particular stakeholders.

We will measure the success of these communications using reporting tools within the notification systems which provides us with valuable information on how many:

- emails were delivered
- emails were opened
- links were clicked on

This enables us to determine how engaging a communication is and to make changes or send follow-up communications where appropriate.

A scheme member can opt out of electronic communications, at any time, by informing us in writing or by email that they wish to do so.

Videos

We use videos in a variety of ways, for example with bite size employer training videos and LGPS member pensions made simple videos.

MS Teams

MS Teams allows users to have virtual meetings, make calls, video calls or engage in chat over the Internet. We use this application to:

- communicate with team members working remotely
- deliver training webinars to employers
- have conference calls with employers, other pension Funds and other third parties.

The use of MS Teams enables us to work smarter by eliminating travel time, reducing costs and increasing capacity.

Secure web portals

We accept and share data with employers and other third parties securely through the use of web based data portals. These include:

- **i-connect** – i-connect facilitates the monthly collection of data from employers either through uploading an i-connect extract through the portal, or direct input via a web-form based within the portal itself. This will improve the experience for employers by providing a streamlined approach to providing data. It also improves the experience for members who will have access to more up to date information through their online account.
- **Tell Us Once** – this site shares registered death information by local authorities on behalf of the Department for Work and Pensions (DWP). We receive and provide data for the use of Tell Us Once.
- **National Insurance database** – this enables us to check whether members are entitled to refunds. We receive and provide data for use of the database.
- **The National Fraud Initiative (NFI)** this portal helps us to match electronic data within and between public and private sector bodies to prevent and detect fraud.

The table shows our main methods of communicating with the different stakeholder groups, other than the 'usual' day to day communications, plus the key messages and objectives we hope to achieve:

Stakeholder	Communication	Key message/objective
Active scheme members	Annual newsletter (electronic) Annual benefit statements (electronic) Calculations and costings (e.g. estimates) Short guide to LGPS Website (in particular 'Latest news' page) Member self service External training sessions as requested by employer Roadshows Direct mailings Videos	Key messages: <ul style="list-style-type: none"> • Your pension is a valuable benefit • You need to make sure you're saving enough for retirement Objectives: <ul style="list-style-type: none"> • To improve understanding of how the LGPS works • To inform scheme members of their rights and benefits • For queries and complaints to be reduced • To make pensions information more readily available
Scheme employers	Quarterly newsletters Pension bulletins Ad hoc email alerts Biannual forums Website (in particular 'Latest news' page) Webinars/workshops Bespoke/targeted ad hoc training sessions Induction packs Fact sheets Videos	Key messages: <ul style="list-style-type: none"> • You need to be aware of your responsibilities regarding the LGPS • The Fund is a valuable benefit for scheme members and is a good tool for retention of staff Objectives: <ul style="list-style-type: none"> • To increase understanding of how the Fund works and the effects on scheme members of any legislation changes • To improve relationships • Continue to improve the accuracy of data being provided to us To make pensions information more readily available

Stakeholder	Communication	Key message/objective
Prospective scheme members and opt-outs	Information on website Scheme information leaflets Promotional material distributed through employers Videos	Key messages: <ul style="list-style-type: none"> • The pension benefits are a valuable part of your reward package • The LGPS is still one of the best pension arrangements available Objectives: <ul style="list-style-type: none"> • To improve take up of the LGPS • To decrease opt out rate and increase understanding of contribution flexibility i.e. 50/50 option • To increase understanding of how the scheme works and what benefits are provided • To make pensions information more readily available
Deferred scheme members	Annual benefit statements (electronic) Annual newsletter (electronic) Calculations and costings (e.g. estimates) Scheme information leaflets Videos	Key messages: <ul style="list-style-type: none"> • It is important to keep in touch e.g. provide us with address changes • The LGPS is still a valuable part of your retirement package Objective: <ul style="list-style-type: none"> • To improve understanding of how the LGPS works • To make pensions information more readily available
Retired/dependant scheme members	Retirement packs Website Annual newsletter Payslips (when criteria is met) P60	Key messages: <ul style="list-style-type: none"> • It is important to keep in touch e.g. provide us with address changes • The LGPS is still a valuable part of your retirement package

Stakeholder	Communication	Key message/objective
	Lifetime allowance Calculations and costings (e.g. estimates) Videos	Objectives: <ul style="list-style-type: none"> • To improve understanding of how the LGPS works • To make pensions information more readily available
Staff	Monthly service meetings Team meetings Ad hoc meetings Consultations 1:1 / Appraisals Training & development Quarterly newsletters	Objectives: <ul style="list-style-type: none"> • To ensure staff are kept up to date with important information regarding the service, the employing authority and the wider world of pensions as a whole • For staff to feel a fully integrated member of the team • For management to feedback to staff regarding their individual progress • To give staff a chance to feedback their views and suggestions
Pension Fund Committee	Committee papers Presentations Consultations Agendas Minutes	Objectives: <ul style="list-style-type: none"> • To update on the implementation of a policy • To monitor success against the agreed measures
Pension Fund Board	Committee papers Presentations Consultations Agendas Minutes	Objectives: <ul style="list-style-type: none"> • To update on the implementation of a policy • To monitor success against the agreed measures

Stakeholder	Communication	Key message/objective
<p>External authorities</p> <ul style="list-style-type: none"> • Trade Unions • Her Majesty's Revenue & Customs (HMRC) • Ministry of Housing, Communities and Local Government (MHCLG) • The Pensions Regulator (TPR) • National Fraud Initiative (NFI) • Audit Commission • HM Treasury • Department of Work and Pensions (DWP) • Scheme Advisory Board (SAB) 	<p>Response to enquiries and consultations.</p> <p>Response to changes in legislation.</p>	<p>Objectives:</p> <ul style="list-style-type: none"> • To respond to enquiries/statutory requirements.

3. Further information

If you have any queries about this communications strategy, please get in touch:

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

01604 366537

pensions@westnorthants.gov.uk

pensions.westnorthants.gov.uk

Communications plan 2023/24

Month	Active members	Scheme employers	Prospective members	Deferred members	Retired & dependant members	Fund staff
APR	Member survey Reminder communication for new starters eg transfers in, beneficiaries etc Website user testing	Employer training New contribution rates reminder Employer newsletter McCloud communication Website user testing		Member survey Reminder communication to update beneficiaries, address etc Website user testing	Member survey Website user testing	Staff newsletter Sharing the comms strategy, comms plan and reinforcing brand guidelines Website user testing
MAY	Member survey	Employer training		Member survey	Payslip – online pension Member survey	Pensions service meeting
JUN	Member survey Website user testing	Employer training Website user testing		Member survey Annual benefit statement Online pension account promotion Newsletter McCloud communication	Member survey Website user testing	Website user testing



Month	Active members	Scheme employers	Prospective members	Deferred members	Retired & dependant members	Fund staff
				Anti-Fraud communication Website user testing		
JUL	Online pension account promotion Member survey	Employer training Employer newsletter McCloud communication	Online pension account promotion	Member survey	Member survey	Pensions service meeting Staff newsletter
AUG	Annual benefit statement communication Online pension account promotion Anti-Fraud communication McCloud communication Newsletter Member survey	Active annual benefit statement comms materials for employers Anti-Fraud communication McCloud communication Pensions dashboard communication	Online pension account promotion	Member survey	Member survey	
SEPT	Online pension account promotion Member survey Pension attention campaign Website user testing	Employer training Active annual benefit statement comms materials for employers Pension attention campaign Website user testing	Online pension account promotion Pension attention campaign	Member survey Pension attention campaign Website user testing	Member survey Pension attention campaign Website user testing	Pensions service meeting Website user testing

Month	Active members	Scheme employers	Prospective members	Deferred members	Retired & dependant members	Fund staff
OCT	Member survey Pension saving statements McCloud communication	Employer training Employer newsletter McCloud communication		Member survey McCloud communication	Member survey Reminder communication to update beneficiaries, address etc McCloud communication	Staff newsletter
NOV	Member survey Website user testing	Employer training Website user testing		Member survey Website user testing	Member survey Website user testing	Pensions service meeting Website user testing
DEC	Member survey	Employer forum Pensions dashboard communication McCloud communication		Member survey	Member survey	
JAN	Member survey	Employer training Employer newsletter Pensions dashboard communication McCloud communication Employer survey		Member survey	Member survey	Pensions service meeting Staff newsletter

Month	Active members	Scheme employers	Prospective members	Deferred members	Retired & dependant members	Fund staff
FEB	Member survey	Employer training		Member survey	Member survey	
MAR	Member survey Website promotion	Employer training Website promotion	Website promotion	Member survey Website promotion	Newsletter – All schemes Anti-fraud communication Payslip – online pension promotion Member survey Website promotion	Pensions service meeting Website promotion
Ad hoc Comms	Website updates	Training Workshops Pension Bulletins Website updates Valuation Report (every 3 yrs)	Promotional Posters Website updates	Website updates	Website updates	Website updates



West
Northamptonshire
Council

Pensions website insights

Digital Services

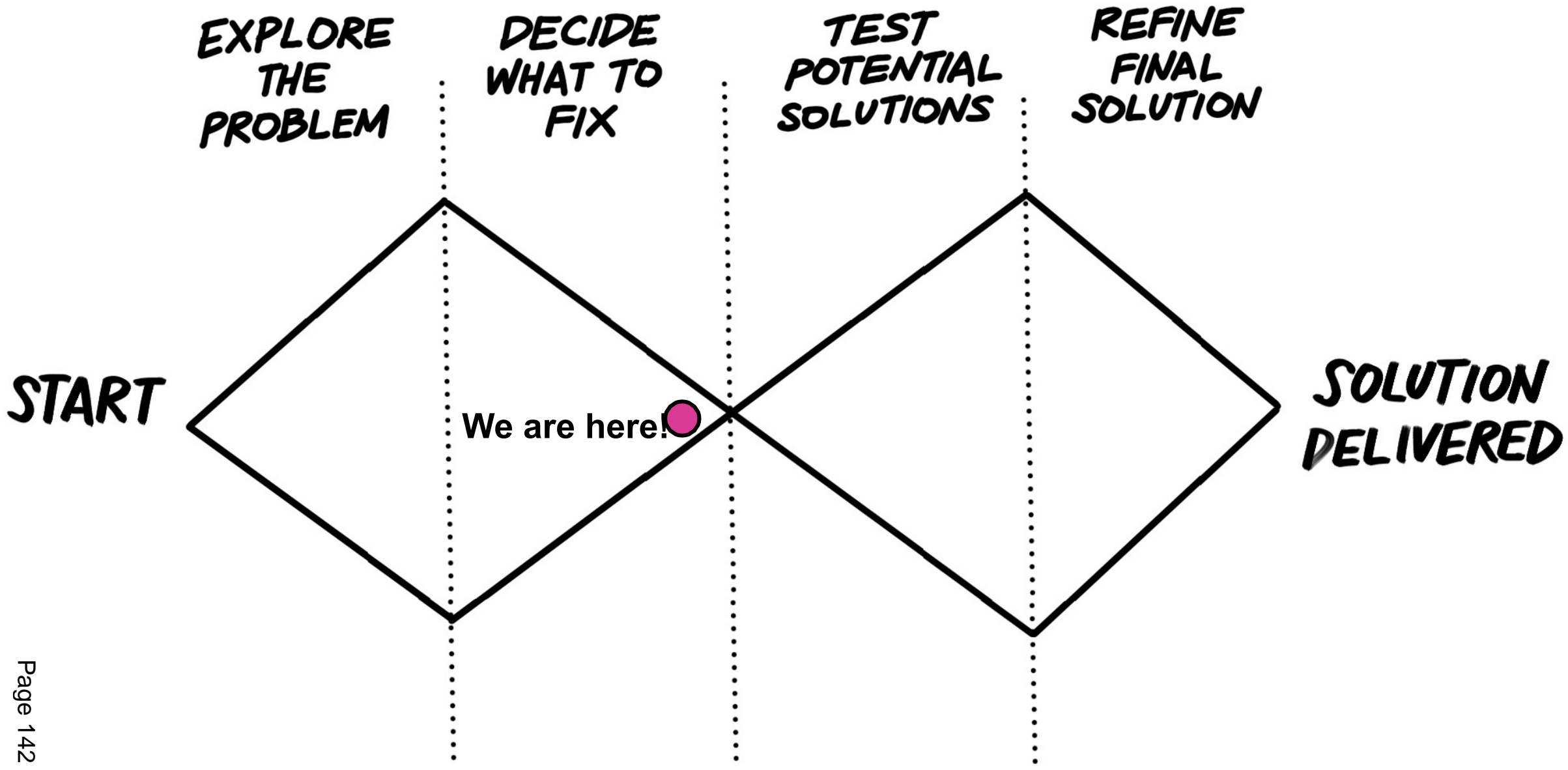
Ultimate goal

Assess the members' and employers' websites to **decide whether they meet the best user need**, with a view to **increasing digital uptake** and **releasing avoidable contact** from the service desk.

This includes a recommendation on options for how to **improve, move or replace both sites**.

Objectives for phase 1

- Do **members** get what they need?
 - Do **employers** get what they need?
 - Do the **pensions team** get what they need?
-
- Is the **website secure** from cyber attacks?
 - Is the website **accessibility compliant**?
 - Is the website hosted and maintained in the most **cost efficient and resilient** way?



Website review background and milestones

Activity	Background	Key Milestones
<p>Review of website and digital communications during 2022/23</p>	<p>The Fund maintains two websites for engagement with scheme members and employers. The current websites were developed in 2015, with the employer website hosted locally using WordPress and the member’s website hosted by the Fund’s administration software provider, Heywood, alongside the member self-service facility.</p> <p>A review of our web offering will be carried out with support from the digital services team at West Northamptonshire Council. The review will assess whether the website is still fit for purpose and alternative options available to meet the needs of the Fund’s stakeholders. This includes deciding whether to continue hosting the employer and member websites separately.</p>	<p>Initial engagement with key stakeholders and agreement of project objectives (July 2022 – Aug 2022)</p> <p>Key insights and user mapping of complex journeys (Aug 2022 – Sep 2022)</p> <p>Investigation into any identified “pain points” identified by user groups and identification of any further areas for improvement (September 2022 - October 2022)</p> <p>Stakeholder demonstration of new user journeys and prototype web pages/functions (October 2022 – November 2022)</p> <p>Presentation of key recommendations to officers (November 2022 – December 2022)</p> <p>Present outcomes and recommendations paper to Committee (March 2023)</p>



What have we been up to?

- 2 focus groups
- 7 interviews with members
- 6 interviews with employers
- Technical options analysis
- Accessibility analysis

Hot topics from the members focus group

Focus group

Members

Searching



Personalised information



Website accessibility



Navigation



User accounts



Pension statements



Hot topics from the employers focus group

Focus group

Employers

Searching



Website accessibility



Navigation



iConnect



Problematic forms



Chasing for information



Employer duties



Comms with the pensions team



Pensions information our personas need



Matt, 35

Username / password

Current amount

Changing jobs / leaving public sector

What he'll get at age 60

Spouse's pensions



Paula, 57

Idea of what her post-retirement life will be like

Amount she'll get if she retires now / next year / next 5 years

Ill health

Impact of taking a lump sum



Roberto, 68

Pre-retirement: "What sort of retirement do I want?"

Where is the money invested? Is it ethical?

Information to help his son and grandson



Ellie (employer)

Information for members and employers

Assistance with processes that she doesn't do regularly

Easy access to the most up-to-date forms

Reassurance that she has calculated something correctly

Other areas that came up...

- Getting to the right website
- Searching
- Confidence in what members read / employers need to provide
- Informative content – just hard to find
- Webinars success!

We also surveyed over 1,700 people

Members were most interested in:

- How much they'll get?
- How much is in their pension pot?
- Understanding their pension statement
- Accessing their pension details

Employers were most interested in:

- Calculations - benefits statements
- Benefit projections
- Early retirement
- Ill health retirement
- Pension regulations

Next steps - phase 2

Restructure content

- Test a personalised approach with different search and navigation options
- Create prototypes and test with members, employers and the Pensions team



West Northamptonshire Council

Pension Committee

29/3/2023

Mark Whitby – Head of Pensions

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

Contributors/Checkers/Approvers

MO	Sarah Hall on behalf of Catherine Whitehead	21/3/2023
S151	James Smith on behalf of Martin Henry	7/3/2023
Head of Pensions	Mark Whitby	24/2/2023

List of Appendices

None

1. Purpose of Report

- 1.1 To notify the Committee of two employers ceasing participation in the Northamptonshire Pension Fund.
- 1.2 To provide an update to the Committee on previously reported cessations.

2. Executive Summary

- 2.3 On 31 August 2022 the admission agreement between ABM Catering Limited and Innovate Multi Academy Trust ceased following the end of the contract for services. This was a pass through admission with the assets and liabilities being retained by the academy trust therefore no assessment of the funding position on exit is required.

- 2.3 On 1 September 2022, the operation of the CE Academy transferred from The Complementary Education Academy Limited to Tove Learning Trust. The Complementary Education Academy Limited ceased participation in the Fund as it was a single academy trust. No exit payment or credit will be required as the pension assets and liabilities were transferred to the accepting Multi Academy Trust (Tove Learning Trust).
- 2.3 Officers previously reported the cessation of the following employers:
- Barby and Onely Parish Council
 - Consortium Audit Warwickshire
- 2.4 This report provides confirmation that exit payments have been received or exit credit determinations completed for each of these employers

3. Recommendations

- 3.3 The Pension Committee is asked to:
- a) Note the exit of the following bodies from the Northamptonshire Pension Fund:
- ABM Catering Limited (Innovate MAT)
 - The Complementary Education Academy Limited
- b) Note the update on previously reported cessations cases.
- 3.3.1 Reason for Recommendations: To comply with the Local Government Pension Scheme Regulations 2013.

4 Report Background

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

5 Issues and Choices

5.1 New Cessations

5.2 ABM catering Limited (Innovate MAT)

5.3 ABM catering Limited were admitted to the Fund under a pass through agreement on 1 September 2016, after entering into a contract with Innovate Multi Academy Trust to provide catering services at Badby School, Kilsby CE School and Weedon Bec Primary School.

5.4 On the 31 August 2022, the contract ended. No exit debit or credit will be required as the pension liabilities were retained by Innovate Multi Academy Trust.

5.5 The Complementary Education Academy Limited

5.6 The Complementary Education Academy Limited joined the Fund on 1 November 2012 when the CE Academy opened. On 1 September 2022, the operation of The CE Academy transferred from The Complementary Education Academy Limited to Tove Learning Trust.

5.7 The Complementary Education Academy Limited ceased participation in the Fund on that date as it was a single academy trust. No exit payment or credit will be required as the pension assets and liabilities were transferred to the accepting Multi Academy Trust (Tove Learning Trust).

6 Previously Reported Cessations

6.1 Barby & Onley Parish Council

6.2 The cessation of Barby and Onley Parish Council was originally reported at the October 2022 meeting for the Committee. The Funding assessment at the date of exit identified a funding deficit of £2,900.00. The cessation payment was received in full on 3 October 2022.

6.3 Consortium Audit (Warwickshire)

6.4 The cessation of Consortium Audit was originally reported at the June 2022 meeting of the Committee. The funding assessment at the date of exit identified a funding surplus of £34,000.

6.5 Following an exit credit determination, as required by and taking into account the factors listed under section 64 (2ZC) of the Regulations, the Administering Authority has determined that the amount of exit credit payable to Consortium Audit was Nil.

7 Implications (including financial implications)

7.1. Resources and Financial

7.2 Actuarial costs incurred by obtaining a calculation of the employer's contribution rate and opening funding position at commencement are recharged directly to the employer.

7.3 The employer contribution rate contains an allowance for administration charges, and the employer is charged a fee to recover the Funds administration costs of on boarding new

employers and terminating ceased employers. This means that admissions and cessations should be cost neutral.

7.4 Where an exit credit is determined to be greater than nil, a payment will need to be made to the exiting employer. This payment may be all or part of the overall surplus of assets so the liabilities will continue to be at least full funded at the date of cessation.

7.5. Legal

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

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

7.8 Risk

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

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

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

7.11 Relevant Pension Fund Objectives

7.12 The following objectives have been considered in this report -

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

7.13 Consultation

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

7.15 The Fund Actuary was consulted when drafting the Fund's Cessations policy

8 Background Papers

None

This page is intentionally left blank

Northamptonshire Pension Committee/Investment Sub Committee Agenda Plan

Meeting date	Agenda item	Lead officer
27/3/2023 PC	Administration Report [standing item]	M Oakensen
	Governance and Compliance Report [standing item]	M Oakensen
	Employer Admission and Cessation Report [standing item]	C Blose
	Annual Business Plan and Medium-Term Strategy [approval]	M Whitby
	Communication Strategy and Plan [approval]	C Blose
	Overpayment of Pension Policy [approval]	M Oakensen
	Investment Strategy Review [approval] exempt	B Barlow
	ACCESS Update [standing item] exempt	M Whitby
	Valuation Update Funding Strategy Statement [approval] exempt	C Blose
31/05/2023 ISC	Northamptonshire Pension Fund Quarterly Performance Report [standing Item]	B Barlow
	Stewardship Report	B Barlow
	Analytics for Climate Transition (ACT) exempt	B Barlow
	Climate Aware Passive Equity Implementation Update exempt	B Barlow
	Strategic Asset Allocation Update exempt	B Barlow
	Infrastructure Options exempt	B Barlow

28 June 23 PC	Administration Report [standing item]	M Oakensen
	Business Plan Update [standing item]	M Whitby
	Governance and Compliance Report [standing item]	M Oakensen
	Employer Admission and Cessation Report [standing item]	C Blose
	Code of Practice Action Plan [to note]	M Oakensen
	Good Governance Review Action plan [to note]	M Oakensen
	Cash Management Strategy [approval]	M Whitby
	Administration Strategy [approval]	C Blose
	ACCESS Update [standing item] exempt	M Whitby
	Private Equity Review [to note] exempt	B Barlow

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank