



West Northamptonshire Council

Local Pension Board

24/4/2024

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund – Equality, Diversity and Inclusion (EDI) approach
Report Author	Michelle Oakensen Governance and Regulations Manager michelle.oakensen@westnorthants.gov.uk

Approvers

Head of Pensions	Mark Whitby	25/03/2024
-------------------------	-------------	------------

List of Appendices

Appendix A – Equality, Diversity and Inclusion (EDI) Action Plan

1. Purpose of Report

- 1.1 To present to the Pension Board a report on the planned approach to Equality, Diversity and Inclusion (EDI) within the Northamptonshire Pension Fund.

2. Executive Summary

- 2.1 This report sets out the requirements set out by the Pensions Regulator (TPR) and the approach that the Northamptonshire Pension Fund will undertake in order to comply with the principles.
- 2.2 The report provides an explanation of EDI and why this is important for the Fund to adhere to a best practice approach.
- 2.3 Appendix A contains the proposed actions to achieve compliance with TPR EDI guidance.

3. Recommendations

- 3.1 The Pension Board is asked to review the proposed EDI actions located in appendix A.

4. Report Background

- 4.1 The Pensions Regulator issued guidance in March 2023 on Equality, Diversity and Inclusion, which outlined principles for how scheme managers should approach EDI issues, and practical ideas about how to implement them.

- 4.2 The TPR's EDI guidance covers areas such as the role of the chair, performance assessment, inclusive culture, recruitment and diversity of thought but also links to investment decisions and communications issued by the fund.
- 4.3 In January 2024 the Pensions Regulator published the new General Code which brings further focus onto EDI issues.

5. **Issues and Choices**

What is equality, diversity, and inclusion?

Equality

- 5.1 Equality is about ensuring that every individual has an equal opportunity to make the most of their lives and talents. No one should have poorer life chances because of the way they were born, where they come from, what they believe, or whether they have a disability. Historically certain groups of people with protected characteristics such as race, disability, sex and sexual orientation have experienced discrimination according to the Equality and Human Rights Commission.

Diversity

- 5.2 There can be many 'forms' of diversity, which capture a wide variety of individual differences, that may not be immediately apparent when we first meet someone.
- 5.3 In the UK, it is illegal to discriminate against someone on the basis of certain 'diverse' characteristics. The Equality Act 2010 prohibits less favourable treatment on the basis of nine protected characteristics (Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex, Sexual Orientation).
- 5.4 Neurodiversity, socio-economic background and many forms of disability including mental health conditions are also encompassed when considering diversity.

Inclusion

- 5.5 Inclusion occurs when a group actively enables all of its members to fully participate, irrespective of their individual characteristics. Inclusion is positively embracing differences to create a group where different perspectives and opinions are valued and encouraged.
- 5.6 Equality, diversity and inclusion are interlinked and although having people with different life experience might mean that a governing body is more diverse, in reality if those individuals are not respected or heard, the governing body would not benefit from the experiences of those individuals.

Why EDI is important for the Fund.

- 5.7 There has been a steady increase in membership within the Northamptonshire Pension Fund and EDI considerations are importantly becoming good practice to ensure Funds are administered in a way that works for everyone.
- 5.8 A diverse and inclusive Committee and Board with a broad range of characteristics, life experiences, expertise and skills will lead to:
- Wider discussion encouraging new thinking and approaches.
 - More effective decision making that reflects members needs and values.
 - Improved value for money for members.
 - Deeper understanding of issues that have a real influence on members incomes.

- Better decision making that impacts quality of life for a wide range of individuals.
- Greater understanding, insight and empathy for scheme beneficiaries (such as discretionary death benefits and ill health decisions).
- Improved communications with scheme members.

5.9 The Pension's and Lifetime Savings Association guidance identifies that artificial intelligence based research into the performance of heterogenous versus homogenous groups has shown that diverse groups are better at:

- Paying attention to the key facts and assessing relevant evidence.
- Reasoning.
- Reaching the 'best conclusion'.
- Explaining their decisions.

These skills are highly desirable for members seeking to discharge legal duties and provide the best outcome for members.

5.10 Committee and Board members will likely possess some or all of these characteristics, but one of the key requirements with decision-making is the ability to take account of relevant factors and disregard irrelevant factors so as not to reach a perverse or irrational conclusion.

The Northamptonshire Pension Fund EDI action plan

The governing body

5.11 As per the Pensions Regulator governing bodies EDI guidance, having a diverse and inclusive Committee/Board can be broken down into actions associated with recruiting diverse representation, and actions aimed at the retention and continuous development of existing members.

5.12 The action plan located in appendix A, includes the planned approach for implementing diversity and inclusion within Northamptonshire Pension Fund recruitment and selection processes for members.

5.13 The first key area to consider will be training for Committee and Board members as well as Officers to ensure the right level of understanding is embedded before any further decisions are made.

5.14 Recognising there will be some barriers to EDI, such as requirements for membership to include individuals from certain cohorts and not attracting interest from a diverse group of candidates but it is the intention of the Northamptonshire Pension to apply best practice where applicable.

Wider EDI activities

5.15 Building upon the Pension Regulators expectations, the Northamptonshire Pension Fund in conjunction with Aon have identified additional activities to enhance the EDI approach of the Fund in other areas to ensure best practice where viable. The action plan therefore also includes activities for member communications, investment decisions and managing advisors and suppliers.

Next Steps

5.16 Upon confirmation that the Board are content with the Northamptonshire Pension Fund approach to EDI, the next stage will be to review the training requirements for the Committee, Board and Officers of the Fund. The agreed action plan will be presented to the Pension Committee in June. Further updates will be provided via the Business Plan Update reports.

6 Implications (including financial implications)

Resources and Financial

6.1 Officers worked in conjunction with Aon to produce the action plan.

Legal

6.2 There are no legal implications arising from the proposals.

Risk

6.3 There is a risk that the Fund does not have a diverse membership which could impact effective governance. There is also the risk that the Fund is not engaging with as many members/stakeholders as it could be to provide valuable scheme information.

6.4 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 act appropriately upon expert advice and/or risk of poor advice.	Green

6.5 The executive summary can be found on the Fund's website at the following link:

[Northamptonshire Risk Register](#)

Relevant Pension Fund Objectives

6.6 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 administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.
- To promote the scheme as a valuable benefit.
- To deliver accessible 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.

Consultation

6.7 No consultation has been required arising from the proposals within this report.

7. Background papers

7.1 PLSA Diversity and Inclusion guide - [Diversity-and-Inclusion-Made-Simple.pdf \(plsa.co.uk\)](#)
TPR EDI overview [EDI overview | The Pensions Regulator](#)