

Business Plan and Medium Term Strategy

2024/25 to 2026/27

Introduction

This is the business plan for the Cambridgeshire Pension Fund which is managed and administered by Cambridgeshire County Council in partnership with West Northamptonshire Council. The business plan details the priorities and areas of key focus in relation to the Cambridgeshire Pension Fund for 2024/25, 2025/26 and 2026/27. The business plan was approved at the Pension Committee meeting on 28 March 2024. 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 Cambridgeshire County Council in respect of the management of the Cambridgeshire 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 Cambridgeshire Pension Fund during 2024/25 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:

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Background to the Cambridgeshire Pension Fund

The Cambridgeshire Pension Fund is a £4.231bn* Local Government Pension Fund which provides retirement and death benefits for local government employees (other than teachers) in Cambridgeshire and employees of other qualifying bodies which provide similar services.

The Fund's total membership* is approximately 97,147 of which 28,067 are active members from over 341* individual contributing employers and approximately 69,100 retired, survivor, deferred and other members.

*As at 31 March 2023

Governance and management of the Fund

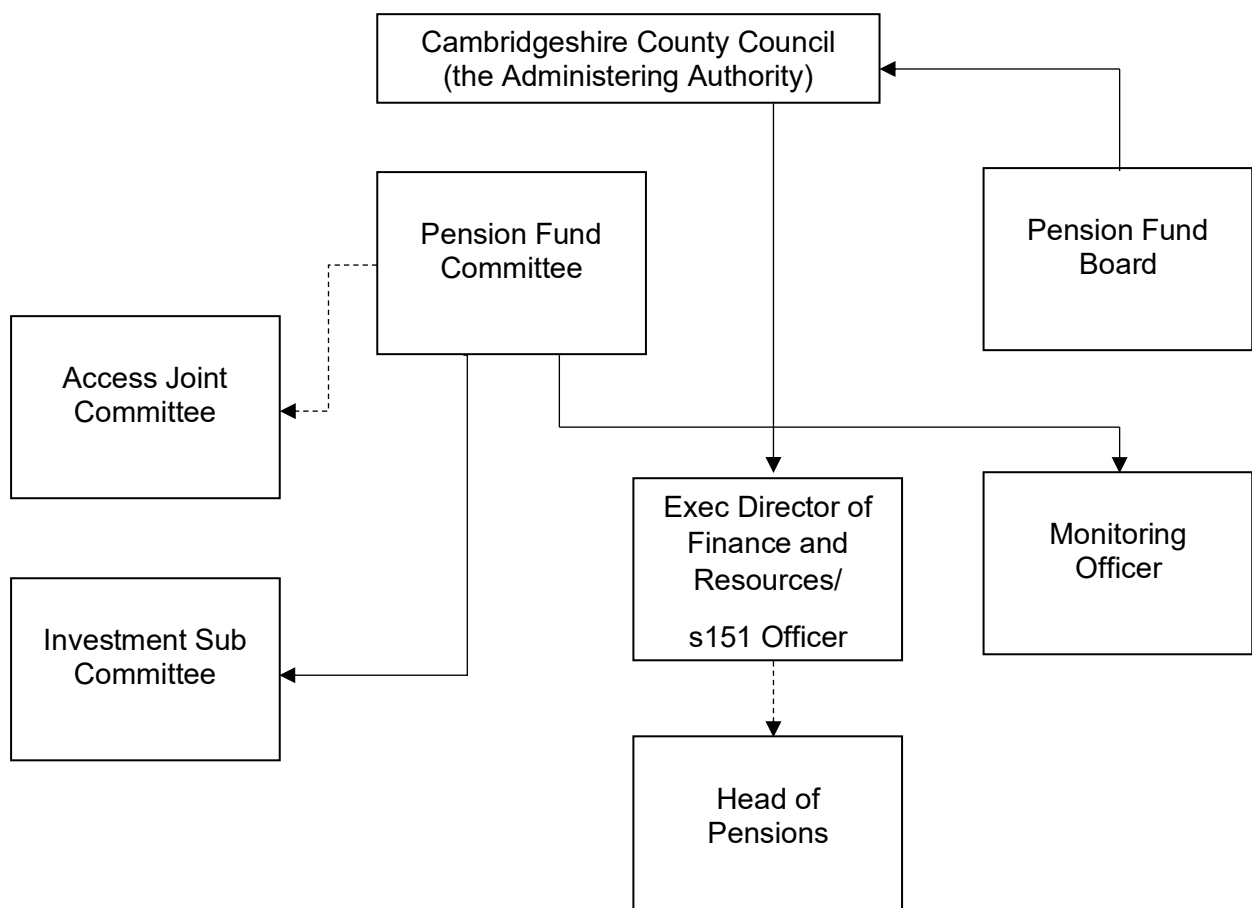
The key decision-making and management of the Fund has been delegated by Cambridgeshire County Council (the administering authority) to a formal Pension Committee, supported by an Investment Sub-Committee that looks at the operational governance of investment issues.

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

Eleven authorities, including Cambridgeshire County 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 Cambridgeshire Pension Fund governance structure is shown below.



Administration of the Fund

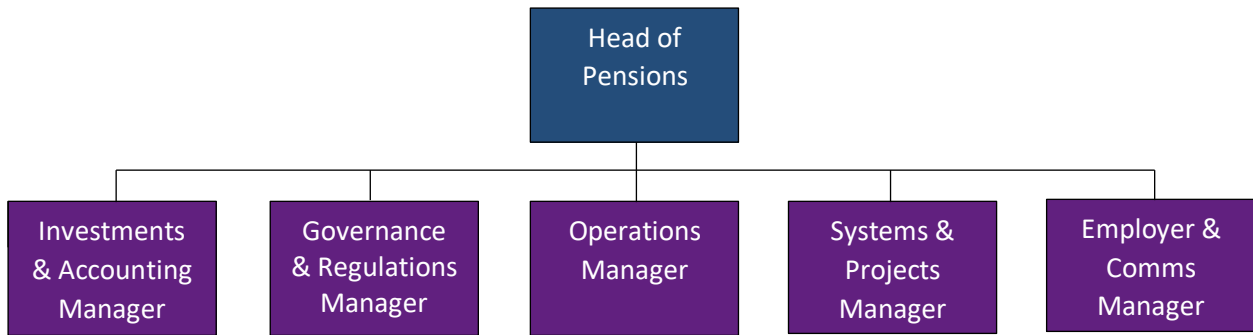
The Cambridgeshire and Northamptonshire Pension Funds are administered under a lead authority model with the lead authority being West Northamptonshire Council working in partnership with Cambridgeshire County Council. The Funds remain two distinct entities.

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

The structure of the Pensions Service which provides administration services to both the Cambridgeshire Pension Fund and the Northamptonshire Pension Fund, as at 31 March 2024 is illustrated below in simplified form:



The current full time equivalent of staffing is 91.37. 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 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.
- 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.
- Ensuring Fund policies and strategies are in place and appropriately maintained.
- 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 external auditors.
- Preparing the annual budget, monitoring, and reporting quarterly.
- Preparation of statutory and non-statutory returns as required.
- Conducting monthly bank reconciliations.
- Cash flow management.
- Monthly monitoring of income and expenditure including employer and scheme member contributions.
- Invoicing of employers for pensions strain and unfunded benefits.

Funding

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

Investments

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

Administration

- Providing ongoing information to scheme members and their beneficiaries as they join, leave, or change status.
- Calculating and notifying scheme members of their entitlement to pension and death benefits.
- Providing quotations of retirement benefits including any additional costs to scheme employers.
- Providing information on how scheme members can increase their pension benefits.
- Maintaining accurate scheme member records.
- Receiving monthly membership data from scheme employers, checking its validity and ensuring it is accurately uploaded to scheme member records.
- Providing an online scheme member 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.
- Launch new Fund website.
- Providing new scheme employers with information about their responsibilities.
- Providing ongoing training and technical updates to employers.
- Prepare for the next triennial valuation

Technical

- Maintaining and updating the pensions administration and pensioner payroll 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, CARE revaluation and monthly pensionable pay and contribution data.

Challenges and influences over the next three years

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

- The increased oversight by the Pensions Regulator and the issuance of the new general code of practice.
- Implementation of Pension Dashboards.
- New and amending regulations affecting the Local Government Pension Scheme including the remedy resulting from the McCloud high court ruling.
- The impact of the abolishment of the Lifetime Allowance from 6 April 2024.
- The ongoing implementation of the government's requirements to pool LGPS pension fund assets with other Funds.
- Maintaining the skills and knowledge of officers and Committee and Board members to comply with the requirements of MIFIDII, CIPFA's skills and knowledge framework, and best practice and guidance stemming from the Scheme Advisory Board's Good Governance Review.
- The number and diversity of scheme employers due to alternative provision models within the local government universe.

- Finding innovative and digital ways of working for the benefit of the Fund, the member and the scheme employer to achieve the Fund's strategies on administration, communication and employer engagement.
- The increasing scrutiny and transparency on data quality.
- To stay ahead of the increasingly sophisticated challenges presented by cyber-crime.
- Evidencing savings and improved investment governance arising from asset pooling.
- The risk of members being exposed to potential scams and the increasing requirements of the Fund to provide protection against this.
- The need to manage the climate risk within the Fund's investment portfolio as well as meet future statutory reporting requirements including those related to the Task Force on Climate-Related Financial Disclosures (TCFD).

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

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

Budget

All the costs associated with the management of the Fund are charged to the Fund and not Cambridgeshire 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 2025/26

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

	2023/24 Estimate	2023/24 Forecast	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
	£000	£000	£000	£000	£000
Contributions ¹	148,000	162,000	155,000	158,000	167,000
Transfers in from other pension funds ²	11,000	21,500	18,000	19,000	19,000
TOTAL INCOME	159,000	183,500	173,000	177,000	186,000
Benefits payable ³	(137,000)	(137,000)	(149,000)	(157,000)	(165,000)
Payments to and on account of leavers ²	(9,000)	(17,400)	(13,000)	(13,500)	(14,000)
TOTAL PAYMENTS	(146,000)	(154,400)	(162,000)	(170,500)	(179,000)
Net additions/(withdrawals) from dealings with members	13,000	29,100	11,000	6,500	7,000
Management expenses (Invoiced)	(4,947)	(5,328)	(5,903)	(6,233)	(6,349)
Management expenses (Non-invoiced) ⁴	(22,900)	(20,300)	(21,300)	(22,400)	(23,500)
TOTAL MANAGEMENT EXPENSES	(27,847)	(25,628)	(27,203)	(28,633)	(29,849)
TOTAL INCOME LESS EXPENDITURE	(14,847)	3,472	(16,203)	(22,633)	(22,849)
Investment income ⁵	34,000	66,600	48,000	50,000	52,000
Taxes on income	-	-	-	-	-
Profit and (losses) on disposal of investments and changes in the market value of investments ⁶	204,000	252,700	219,000	230,000	241,000
NET RETURN ON INVESTMENTS	238,000	319,300	267,000	280,000	293,000
Net increase/(decrease) in net assets available for benefits during the year	223,153	322,772	250,797	257,867	270,151

Management Expenses

	2023/24 Estimate	2023/24 Forecast	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
	£000	£000	£000	£000	£000
Total administration expenses	(3,221)	(3,117)	(3,546)	(3,602)	(3,745)
Total governance expenses	(881)	(962)	(1,072)	(1,283)	(1,190)
Total investment expenses	(845)	(1,249)	(1,285)	(1,348)	(1,414)
TOTAL MANAGEMENT EXPENSES	(4,947)	(5,328)	(5,903)	(6,233)	(6,326)

Administration Expenses

	2023/24 Estimate	2023/24 Forecast	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
	£000	£000	£000	£000	£000
Staff related	(2,080)	(2,176)	(2,458)	(2,537)	(2,618)
Altair administration and payroll system	(485)	(444)	(413)	(434)	(455)
Data Assurance	(25)	(27)	(22)	(23)	(24)
Communications	(51)	(22)	(87)	(28)	(30)
Other non pay and income	(27)	105	15	30	23
County Council overhead recovery	(553)	(553)	(581)	(610)	(641)
TOTAL ADMINISTRATION EXPENSES	(3,221)	(3,117)	(3,546)	(3,602)	(3,745)

¹Contributions have been calculated using the Employer contribution rate and salary increase assumptions of 3.2% set by the actuary at the 2022 Valuation. Contributions in 2026/27 are subject to change due to the 2025 valuation. The 2023/24 forecasted variance is due to actual salary increases being much higher than the actuarial salary increase assumption used from the 2022 valuation.

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

³ 2024/25 benefits payable have been calculated using average membership increases, estimated PI of 6.7% and pension increases assumptions of 2.7% set by the actuary in subsequent years.

⁴ Management expenses (non-invoiced) have been calculated using investment managers actual fees plus the actuarial assumption of investment growth +4.9% per annum.

⁵ Investment income have been calculated by using an average of 3 years income received and applying the actuarial assumption of investment growth +4.9% per annum.

⁶ Return on Investments have been calculated by applying the actuarial assumption of investment growth +4.9% per annum.

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 Cambridgeshire 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 and the executive summary risk register can be found on the Fund's website:

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
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
The Pension Fund and its members may become a target for fraudsters and criminals.	Amber
Pension Fund systems and data may not be secure and appropriately maintained, whether in situ or in transit.	Amber

Procurement of Services

Activity	Background	Key Milestones	Resources required
<p>Extend the contract with the current supplier of address and mortality screening services and have a new solution in place from 1 April 2025.</p>	<p>The current contract for address tracing and mortality screening ceases in June 2024.</p> <p>The delay in launching the National LGPS Framework has meant that there will be inadequate time to comprehensively review options before the current contract expires.</p> <p>Therefore, the aim is to have a new solution in place from 1 April 2025 to allow for all options to be fully considered.</p>	<p>Extend existing contract until 31 March 2025 (subject to s151 Officer approval) (April 2024).</p> <p>Register to access National LGPS Framework (April 2024).</p> <p>Consider framework offerings and other suitable solutions (April – June 2024).</p> <p>Develop approach for procurement of address and mortality screening services (June 2024 onwards).</p>	<p>Costs will be dependent upon route determined.</p> <p>Framework costs TBC.</p> <p>Legal fees TBC.</p>
<p>Procure an Integrated Service Provider (ISP) to enable connection to the Pension Dashboards ecosystem before the staging date deadline of 31 October 2026.</p>	<p>Via a variation agreement to the Fund’s pensions administration and payroll software contract, procure Heywood Pensions Technology Ltd’s ISP solution and associated data quality reports enabling:</p> <ul style="list-style-type: none"> - connection to the Dashboard ecosystem. - improvements in data quality to facilitate smoother data matching. <p>The Heywood ISP solution will fully integrate into the pensions administration system, Altair, resulting in a more effective and straightforward implementation than with an alternative provider.</p> <p>ISP capabilities of suppliers were tested as part of the 2023-24 pensions software tender.</p>	<p>Complete procurement activities (April 2024, or sooner).</p> <p>Receive data quality reports and produce data improvement plan to improve data quality for matching purposes (April 2024 or sooner).</p> <p>Implementation of software (tbc when the Pensions Dashboards Programme confirm final parameters that will enable ISP suppliers to begin implementation).</p>	<p>Framework costs TBC.</p> <p>Legal fees £1,000.</p> <p>Implementation cost £10,000.</p> <p>Annual cost £56,000 ISP and £11,000 reporting dashboards support and maintenance.</p>

<p>Investment Consultant Contract</p>	<p>The current investment consultancy supplier is Mercer. The initial contract comes to an end on 30 September 2024. The contract has the ability to extend up to a maximum of three years to 30 September 2027.</p> <p>A decision was taken by the Committee in 2023-24 to align a review of the contract with the 2024 IC Objectives review.</p> <p>If the Committee decide to re-procure the contract, the National LGPS Frameworks will be used for the re-tender. A shorter-term extension would be required.</p>	<p>Complete Investment Consultancy (IC) Objectives review (July 2024).</p> <p>Decision as to whether to extend or re-procure the investment consultancy contract (October 2024).</p> <p>Implement Committee decision (October 2024 – March 2025).</p>	<p>Costs are dependent on which route will be decided.</p> <p>Extension: Legal fees for review of the extension paperwork £300.</p> <p>Re-procurement: Cost of subscription to framework £4,000.</p> <p>Legal fees £1,000.</p> <p>No additional staffing costs will be required for both options.</p> <p>All costs included within the governance and administration budget.</p>
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Core governance activities

Activity	Background	Key Milestones	Resources required
<p>Review and implement changes required from the Pension Regulator’s new General Code of Practice.</p>	<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 general code of practice’ is due to come into force in March 2024.</p>	<p>Review compliance of the Fund against the new standards (April 2024).</p> <p>Develop an action plan of changes required (May 2024).</p> <p>Present progress against the action plan to the Pension Fund Committee and Pension Board at each meeting (June 2024 – October 2024).</p>	<p>No additional staffing costs.</p> <p>All costs included within the governance budget for 2024/25.</p>
<p>Implement the best practice recommendations of the good governance review.</p>	<p>The Scheme Advisory Board (SAB) has 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.</p> <p>The standards are due to be issued early 2024.</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 2024/25.</p>

<p>Prepare for the implementation of Pension Dashboards.</p>	<p>Government made a commitment that Pension Dashboards would be created by the pensions industry, enabling pension savers to view details of all their pensions together. The industry is currently consulting on the proposed staging date for public service pension schemes with the final staging guidance to be released by the Money and Pensions Service in the Spring of 2024.</p> <p>Project plan activities based on national connection guidance will be undertaken in the following areas in order to connect to the Pension Dashboard ecosystem: Governance, Internal controls, Connection, Record keeping, Budget, Resource, Data.</p> <p>Note there is a separate Business Plan activity dealing with the ISP procurement.</p>	<p>Undertake project plan activities to enable connection to the Dashboard including data cleansing activities (April 2024 – March 2025).</p> <p>Update the Committee and Board with progress against the Pension Regulator’s dashboard checklist as appropriate.</p>	<p>No additional staffing costs.</p> <p>All costs included within the governance budget for 2024/25.</p> <p>ISP costs set out in separate business plan activity.</p>
<p>Continue to review cyber resilience</p>	<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 Fund Committee and Pension Fund Board.</p>	<p>No additional staffing costs.</p> <p>All costs associated with this activity have been included within the governance budget.</p>
<p>Implement equality, diversity and inclusion (EDI) best practices</p>	<p>The Pensions Regulator has published guidance to help improve pension schemes’ equality, diversity and inclusion. Pension schemes have legal duties to scheme members, and good decision making is key to ensuring those duties are met. EDI supports robust discussion and effective decision making and is an important consideration for schemes.</p> <p>The Fund will be aiming to improve its equality, diversity and inclusion via these best practices.</p>	<p>Present action plan to Local Pension Board (April 2024)</p> <p>Present action plan to Pension Committee (June 2024)</p> <p>Further milestones subject to action plan approval (TBC)</p>	<p>No additional staffing costs.</p> <p>All costs included within the governance budget for 2024/25.</p>

<p>Review the National LGPS Framework for Additional Voluntary Contribution Services (AVC)</p>	<p>The Fund has two Additional Voluntary Contribution (AVC) providers Utmost Life and Prudential, which have recently been reviewed for administration and investment performance for which both were deemed adequate for the needs of the Fund.</p> <p>However, it is important that the Fund does not become complacent with arrangements over the long term and other providers should be considered where appropriate to establish whether another arrangement would be better suited for members.</p> <p>The first National LGPS Framework for AVC Services is being developed to support Funds in meeting their AVC responsibilities and is due to launch at the end of April 2024. A decision will be made as to whether to enter into a procurement process.</p>	<p>Register to access national LGPS Frameworks (May 2024).</p> <p>Consider framework offerings against arrangements already in place (June 2024 – August 2024).</p> <p>Develop approach for procurement if required (July – August 2024).</p> <p>Present findings to the Pension Fund Committee (October 2024) and Pension Fund Board (November 2024).</p>	<p>Costs will be dependent upon route determined.</p> <p>Framework costs TBC.</p> <p>Legal fees TBC.</p>
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Scheme member and data projects

Activity	Background	Key Milestones	Resources required
<p>McCloud remedy rectification</p>	<p>The McCloud age discrimination remedy removes the age discrimination that has been judged to have arisen in the LGPS due to the age-related transitional protections that were introduced following the introduction of CARE arrangements in 2014.</p> <p>Following the implementation of the age discrimination remedy on 1st October 2023 the records of scheme members within scope of the McCloud ruling must be reviewed to determine if any rectification of benefits is required in line with the remedy and national guidance that is currently awaited from DLUCH.</p>	<p>Milestones will be updated once guidance from DLUCH has been received.</p> <p>The LGA have advised Funds to allow for two years from receipt of the guidance to completion of all activities.</p>	<p>Possible consultancy costs may be incurred with uploading data to records (the potential costs have yet to be confirmed).</p>

<p>Processing of undecided leaver records</p>	<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 backlog/aged case and reported through this business plan activity.</p> <p>The backlog had reduced by over 1,400 cases as at 31 January 2023 to circa 7,000 cases. The intention is to reduce this backlog by 6,000 further cases over the next 3 years.</p>	<p>Reduce the backlog by 1,000 (April 2024 – March 2025).</p> <p>Reduce the backlog by 2,500 (April 2025 – March 2026).</p> <p>Reduce the backlog by 2,500 by 2,500 (April 2026 – March 2027).</p>	<p>Costs are to be met by the administration budget, which includes the addition of two Pensions Officers to BAU, preventing further spill over into backlog, and one further officer to the project team.</p>
<p>Explore the upgraded member self-service portal, Heywood Engage.</p>	<p>The Fund’s supplier (Heywood Pension Technologies Ltd) of the current member self-service portal (MSS) have released a new self-service portal, Heywood Engage, with many enhanced features to provide scheme members with a better understanding of their future pension entitlement.</p> <p>In order to determine the optimum time, migrate to the new portal a full review of the portal’s offerings, migration process and communication requirements will need to be undertaken.</p>	<p>Undertake review of the current new and enhanced features and those that will be introduced in this financial year (April – May 2024).</p> <p>Consider all actions required from the migration process and impact on communications and support required by members (June – July 2024).</p> <p>Make decision on if/when to begin implementation (August 2024).</p>	<p>No additional resources required at this time.</p> <p>Core functionality of Heywood Engage does not incur any additional cost. Implementation costs and costs for additional functionality will be provided to inform future decision making.</p>

Investment related activities

Activity	Background	Key Milestones	Resources required
<p>Continue development of the ACCESS asset pool.</p>	<p>The key asset pooling developments over the medium-term are:</p> <ul style="list-style-type: none"> - Expected regulations and guidance following DLUHC’s response to the “LGPS: Next steps on investments” consultation, including those relating to the pooling model, the pace of asset transition, levelling up plans and private equity ambition. - Matters arising from the ACCESS third party review - The Operator re-procurement - Provision of ACCESS non-listed asset solutions; real estate, private equity, private debt, infrastructure - Responsible investment 	<p>Consideration of revised regulations and guidance (TBC)</p> <p>Consideration/implementation of options from third party review (throughout 2024-25)</p> <p>Procurement of Operator (March 2024 – Dec 2024) Operator contract effective from March 2025</p> <p>Non-listed programme development (throughout 2024-25)</p> <p>Responsible investment activities including review of Voting Guidelines (throughout 2024-25)</p> <p>Further restricted information will be provided through the regular ACCESS update.</p>	<p>ACCESS costs have been included in Management Expenses based on estimated costs provided by the Pool</p>

Continue activities within the Fund's Climate Action Plan	<p>In May 2023, the ISC approved the adoption of the carbon footprint metric as the primary metric for monitoring progress against the existing decarbonisation targets, maintaining reductions at 23% by 2024 and 57% by 2030.</p> <p>In November 2023, ISC approved the “roadmap” carbon reporting beyond listed equities.</p>	All activities are listed within the Climate Action Plan – see Appendix D.	All costs associated with this have been included within the Investment and Staffing budgets
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Communications

Activity	Background	Key Milestones	Resources required
Continue with the development of the website	<p>Following review of the pension fund website and testing of recommended changes, a homepage and example content pages have been developed and comments received from the local pension board.</p> <p>The team will now finish the build of the website during quarter 1 of the scheme year and launch in quarter 2.</p> <p>Following the initial launch, satisfaction of the new website will be tested at the end of quarter 3.</p>	<p>Webpages to be drafted and approved for publication. (April to June 2024).</p> <p>Communicate planned website update to stakeholders (May to July 2024).</p> <p>Launch new website (July 2024).</p> <p>Review satisfaction with new website (December 2024).</p>	No additional financial resource needed. Expenditure carried forward from the project with an original budget of £30k. All costs are therefore included within the staffing and administration budget.
Prepare for 2025 Fund Valuation	<p>The date of the next triennial valuation of the Pension Fund is 31 March 2025 with results to be published by 31 March 2026 and new employer contribution rates effective from 1 April 2026. Officers will work with the Fund's actuarial advisors to develop requirements and plan for the valuation.</p> <p>This will include a review of assumptions to be used for the valuation and preparation of early valuation results for large local authority employers.</p>	<p>Develop plan with Fund Actuary (April to June 2024).</p> <p>Undertake pre-valuation activities (July 2024 to March 2025).</p> <p>Valuation of the Pension Fund April 2025 to March 2026).</p>	Required resources have been included in the administration budget for 2024/25. Associated costs have also been included in the draft budget for 2025/26.

<p>Review suitability of having multiple investment strategies</p>	<p>The Pension Fund Committee previously considered whether to introduce multiple investment strategies to provide greater flexibility to meet the different funding requirements of scheme employers.</p> <p>This was not previously implemented as modelling of a variety of “investment buckets” suggested no material improvement in funding outcomes, with increased downside risk.</p> <p>However, modelling did suggest that multiple investment strategies may provide improved outcomes if certain conditions were different, including if asset values were 20% greater than at the time of the modelling.</p> <p>Reconsideration is therefore proposed via a two-stage process, initially investigating whether the landscape has sufficiently changed to warrant further impact modelling and then a full impact review of the options.</p>	<p>Actuary to carry out initial assessment to determine if conditions have changed sufficiently to warrant further impact modelling (April 2024).</p> <p>Officers to consider results of initial assessment (May to June 2024).</p> <p>Officers to make recommendation to Committee (July 2024).</p> <p>If recommended and approved Fund officers to discuss scope of impact modelling and options to be considered (August to September 2024).</p> <p>Actuary to carry out impact modelling (October to December 2024).</p> <p>Officers to consider results of impact modelling (January 2024).</p> <p>Officers to present results and make recommendation to Committee for approval (March 2025).</p>	<p>Costs will be dependent on the scope of the review. If recommended by the Fund Actuary, the Committee will be asked to approve progress to the second stage of the review and will be provided with updated costs at that time.</p> <p>The cost of the previous impact modelling was £35,000.</p>
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Appendix A: Full Pensions Service structure

