

CAMBRIDGESHIRE PENSION FUND

Agenda Item No: 5

To: Pension Fund Committee

Meeting date: 2 October 2024

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Subject: Pension Fund Annual Business Plan Update report
2024/25

Purpose of the report: To present the Business Plan Update.

Recommendations: The Pension Fund Committee is asked to note the
Business Plan Update.

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1. Background

1.1 Good governance requires that updates to the pre-agreed Annual Business Plan and Medium-Term Strategy are provided to the Committee and Board on a regular basis. This update highlights the progress made on the key activities for the period.

2. Executive summary

2.1 The Cambridgeshire Pension Fund has for many years considered it good governance to have in place a Business Plan and Medium-Term Strategy that is agreed annually and regularly monitored by the Committee and Board.

2.2 The report summarises the progress made on each activity for the period under review.

2.3 Section 4 of this report provides a progress update for each business plan activity. The table below in Section 3 provides an overview of the RAG status of each activity. All activities are green with the exception of three ambers.

2.4 The tables in appendix 1 provide an update of the Fund account, investment and administration income and expenditure against the cash flow projection outlined in the Annual Business Plan as agreed by the Pension Fund Committee in March 2024. There are no material variances identified.

2.5 The link to the full Business Plan approved by the Committee in March 2024 is provided in section 8 for full context and reference.

3. RAG status of Business Plan activities.

3.1 The below table provides the progress made against each activity for this reporting period:

Paragraph	Activity	RAG status
4.1 – 4.3	Extend the contract with the current supplier of address and mortality screening services and have a new solution in place from 1 April 2025.	Green
4.4 – 4.6	Procure an Integrated Service Provider (ISP).	Amber
4.7 – 4.9	Investment Consultant Contract.	Green
4.10 – 4.12	Review and implement changes required from the Pension Regulator's new General Code of Practice.	Green
4.13 – 4.15	Implement the best practice recommendations of the good governance review.	Green
4.16 – 4.18	Prepare for the implementation of Pension Dashboards.	Green
4.19 – 4.21	Continue to review cyber resilience.	Green
4.22 – 4.24	Implement equality, diversity and inclusion (EDI) best practices.	Green
4.25 – 4.27	Review the National LGPS Framework for Additional Voluntary Contribution Services (AVC).	Green
4.28 – 4.30	McCloud remedy rectification.	Amber
4.31 – 4.33	Processing of undecided leaver records.	Amber
4.34 – 4.36	Explore the upgraded member self-service portal, Heywood Engage – reframed activity.	Green
4.37 – 4.39	Continue development of the ACCESS asset pool.	Green
4.40 – 4.42	Continue activities within the Fund's Climate Action Plan.	Green
4.43 – 4.45	Continue with the development of the website.	Green
4.46 – 4.48	Prepare for 2025 Fund Valuation.	Green
4.49 – 4.51	Review suitability of having multiple investment strategies.	Green

- 3.2 All activities are currently green with the exception of three ambers. The reasons for the ambers are outlined below:
- 1) Procure an Integrated Service Provider (ISP) is amber due to delays with the progression of the variation agreement.
 - 2) Whilst progress within year has been positive, processing of undecided leaver records is being held at amber due to the conflicting project priorities within the Service.
 - 3) McCloud remedy rectification has now been rated amber due to complexities with record preparation activities resulting from late issuance of statutory guidance.

4. Business Plan Activities

Procurement of Services

Extend the contract with the current supplier of address and mortality screening services and have a new solution in place from 1 April 2025.

- 4.1 Activity: The current contract for address tracing and mortality screening ceases in June 2024.

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.

Therefore, the aim is to have a new solution in place from 1 April 2025 to allow for all options to be fully considered.

- 4.2 Key milestones:

Key Milestones.	Dates.	On target for completion?
Extend existing contract until 31 March 2025 (subject to s151 Officer approval).	April 2024.	Completed.
Register to access National LGPS Framework.	April 2024.	Completed in May following release of the framework in late April.
Consider framework offerings and other suitable solutions.	June - August- 2024	Completed.
Develop approach for procurement of address and mortality screening services.	September 2024 onwards	On target

- 4.3 Update: Arrangements for address and mortality screening are now in place until 31 March 2025 via a direct award based on the existing terms. Framework documentation has started to be reviewed with UK and overseas offerings available for both services. Due to the Framework being released in late April the activities have been reprofiled accordingly.

Procure an Integrated Service Provider (ISP) to enable connection to the Pension Dashboards ecosystem before the staging date deadline of 31 October 2026.

- 4.4 Activity: 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 the connection to the Dashboard ecosystem.

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.

ISP capabilities of suppliers were tested as part of the 2023-24 pensions software tender.

4.5 Key milestones:

Key Milestones.	Dates.	On target for completion?
Complete procurement activities	April 2024.	Completed later than initially planned – August 2024.
Receive data quality reports and produce data improvement plan to improve data quality for matching purposes	April 2024.	To be received in October 2024 when the ISP contract becomes live.
Implementation of software	TBC when the Pensions Dashboards Programme confirm final parameters that will enable ISP suppliers to begin implementation.	Implementation of the ISP is to be scheduled for early 2025.

4.6 Update: The revised variation agreement from the supplier has now been received and reviewed by West Northants Council’s legal team. As a result of the delay a decision has been made to reference the variation agreement to just the new main software contract that came into force on 1 October, rather than to the current contract which would have needed a novation at 30 September 2024. The variation agreement was sealed in August 2024. Receipt of the data quality reports will be available in October and the implementation of the ISP will be scheduled for early 2025. Further information on the ISP is detailed in the Pensions Dashboard update report to be presented at this meeting.

Investment Consultant Contract

4.7 Activity: 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. A decision was taken by the Committee in 2023-24 to align a review of the contract with the 2024 IC Objectives review.

4.8 Key milestones:

Key Milestones.	Dates.	On target for completion?
Complete Investment Consultancy (IC) Objectives review.	July 2024.	Completed
Decision as to whether to extend or re-procure the investment consultancy contract.	October 2024.	On target
Implement Committee decision.	October 2024 – March 2025	On target

4.9 Update: The Committee received information on various fund investment advice models during a meeting held on 6 September 2024. A paper regarding the investment consultancy contract extension was presented at the September ISC meeting to determine the length of the extension for the Mercer contract and the IC procurement approach to be taken by the Fund. The outcome of that discussion was not available at the time of drafting this report and will be provided verbally at today’s meeting.

Core governance activities

Review and implement changes required from the new General Code of Practice.

- 4.10 Activity: In March 2021, the Pensions Regulator launched a consultation on its revised code of practice for the pensions industry. The revised code of practice consolidates, updates, and amends the existing 15 codes of practice into one single consistent source of information.

The responses to the consultation took the Pensions Regulator longer than expected to digest and as such the new general code of practice' came into force on 28 March 2024.

- 4.11 Key milestones:

Key Milestones.	Dates.	On target for completion?
Review compliance of the Fund against the new standards.	Rescheduled to April – June 2024 (April 2024).	Completed for regulatory compliance.
Develop an action plan of changes required.	Rescheduled to July 2024 (May 2024).	Completed for regulatory compliance.
Present the regulatory compliance findings and associated action plan to the Committee and Board.	October 2024.	Completed.
Review compliance of the Fund against TPR expectations and best practice.	October 2024 – March 2025.	On target.
Present TPR expectations/best practice compliance findings and associated action plan to the Committee and Board.	March 2025.	On target.
Present progress against actions.	March 2025 onwards.	On target.

- 4.12 Update: Regulatory compliance has been assessed and independently reviewed by Hymans Robertson to ensure a non-bias approach to the answers and evidence provided by Officers. A report is being presented at this meeting which contains the regulatory compliance of the Fund against the Code (48 requirements). Due to the number of requirements and level of detail required, TPR expectation and best practice compliance will be presented to the Committee by the end of the financial year (62 TPR expectation requirements/26 best practice requirements).

Implement the best practice recommendations of the good governance review.

- 4.13 Activity: 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.

Following consultation with LGPS stakeholders, in February 2021, a number of recommendations for improvement were identified. Some would require the input of MHCLG

to amend scheme regulations and publish statutory guidance, others by SAB and other for Funds to implement as best practice.

The standards were due to be issued in early 2024.

4.14 Key milestones:

Key Milestones	Dates	On target for completion?
Develop an action plan to implement the best practice activities.	TBC.	
Present update on progress on action plan to the Pension Fund Committee and Pension Board	TBC.	
Implementation of activities requiring SAB and MHCLG guidance.	TBC.	

4.15 Update: No update for this reporting period, the standards have not been issued.

Prepare for the implementation of Pension Dashboards

4.16 Activity: 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 connection guidelines which include the staging timescales have now been published and as a result, project plan activities are being undertaken in the following areas in order to connect to the Pension Dashboard infrastructure: Governance, Internal controls, Connection, Record keeping, Budget, Resource, Data.

Note there is a separate Business Plan activity dealing with the ISP procurement.

4.17 Key milestones:

Key Milestones.	Dates.	On target for completion?
Undertake project plan activities to enable connection to the Dashboard including data cleansing activities.	April 2024 – March 2025	On target.
Update the Committee and Board with progress against the Pension Regulator’s dashboard checklist as appropriate	October 2024 & March 2025	On target.

4.18 Update: Further connection guidelines were published by the LGA in August 2024 which at the time of writing this report required detailed review and amendments to the project plan. However, the scheme remains on target to connect to the Pension Dashboards infrastructure by the 31 October 2025 as specified in guidance issued by the Department for Work and Pensions. Further information on Pension Dashboards can be found in a separate report to be discussed at this meeting.

Continue to review cyber resilience

4.19 Activity: 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 (exempt Appendix 2) will be updated as and when necessary.

4.20 Key milestones:

Key Milestones.	Dates.	On target for completion?
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.	April 2024 – March 2025.	On target for completion.

4.21 Update: The action plan has been updated to reflect the starting position for 2024/25. Any additional actions that are identified during 2024/25 will be added to the action plan accordingly.

Implement equality, diversity and inclusion (EDI) best practices

4.22 Activity: 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. The Fund will be aiming to improve its equality, diversity and inclusion via these best practices.

4.23 Key milestones:

Key Milestones	Dates	On target for completion?
Present action plan to Local Pension Board.	April 2024.	Completed.
Present action plan to Pension Committee.	June 2024.	Completed.
Further milestones subject to action plan approval.	June 2024	The action plan was approved by the Pensions Committee on 4 June 2024
Progress actions within the plan.	June 2024 – March 2025	On target.
Present progress against the action plan to the Pension Committee and Local Pension Board.	March/April 2025	On target.

4.24 Update: The EDI action plan was approved by the Pension Committee on 4 June 2024 following a Local Pension Board review in April 2024. Work is now progressing against the plan and a training session for Committee and Board members was held on 13 August 2024, with a recording circulated shortly after. Officers are currently looking to agree an EDI definition and formulate a Fund policy for the next stage of the plan.

Review the National LGPS Framework for Additional Voluntary Contribution Services (AVC)

4.25 Activity: 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.

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.

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.

4.26 Key milestones:

Key Milestone	Dates	On target for completion?
Register to access national LGPS Frameworks.	May 2024.	The Framework was released at the end of July 2024.
Conduct soft market testing with the providers on the Framework.	March 2025	On target.
Undertake AVC framework review and schedule procurement activities if appropriate.	2025-26	On target.

4.27 Update: The AVC Services Framework was released at the end of July, however, due to the significant amount of work required on other projects and the interaction required between AVC providers and scheme administrators to supply information to the Pensions Dashboard, Officers feel it appropriate to delay the formal AVC Framework review. The current AVC providers were deemed adequate from the independent review conducted in 2023 by Aon. The intention for 2024/25 is to conduct preliminary soft market testing with the providers on the Framework.

Scheme member and data projects

Complete the McCloud Remedy Rectification

4.28 Activity: 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.

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 was issued by MHCLG in June 2024.

4.29 Key milestones:

Key Milestones	Dates	On target for completion?
Milestones are currently being updated following receipt of statutory guidance from MHCLG.	TBC	The late issuance of statutory guidance means that progress has been delayed.

4.30 Update: The statutory guidance from MHCLG was finally released in June 2024 resulting in the project plan requiring further updating to take into account additional data required on members which may bring them into scope for the protections of the remedy and the order of priorities for remedial work.

Processing of undecided leaver records

- 4.31 Activity: 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.

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.

The backlog had been reduced by approximately 1,250 cases as at 31 January 2024 to 7,268 cases. The intention is to reduce this backlog by 6,000 further cases over the next 3 years.

- 4.32 Key milestones:

Key Milestones.	Dates.	On target for completion?
Reduce the backlog by 1,000	April 2024 – March 2025	On target.
Reduce the backlog by 2,500	April 2025 – March 2026	
Reduce the backlog by 2,500	April 2026 – March 2027	

- 4.33 Update: As at the end of July 2024, the total number of records within the backlog stood at 6,800 having decreased from a total of 7,500 at the end of March 2024. Future Business Plan update reports will provide details of the progress made to reduce this number. Whist on target, this activity is Amber due to the conflicting project priorities over the period.

Explore the upgraded member self-service portal, Heywood Engage.

- 4.34 Activity: 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.

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.

- 4.35 Key milestones:

Key Milestones	Dates	On target for completion?
Monitor development progress of Engage to provide a satisfactory user experience for members in both Funds.	August 2024 – March 2025	Revised activity (see update).
Make decision on if/when to begin implementation.	April 2025	

4.36 Update: As previously, reported, Engage does not provide a satisfactory user experience where a scheme member has benefits in both the Cambridgeshire and the Northamptonshire Pension Funds (approximately 1,000 members). This activity has now been reframed to continue to review at regular intervals whether Heywood have undertaken the necessary developments to meet these requirements with a further decision point about whether to proceed in the first quarter of 2025/26.

Investment related activities

Continue development of the ACCESS asset pool.

- 4.37 Activity: The Fund will continue to develop asset pooling over the medium term. The key developments on the horizon are:
- 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

4.38 Key milestones:

Key Milestones	Dates	On target for completion?
Consideration of revised regulations and guidance.	TBC	
Consideration/implementation of options from third party review.	Throughout 2024-25	On target
Procurement of Operator.	March 2024 – Dec 2024	On target
Non-listed programme development.	Throughout 2024-25	On target
Responsible investment activities including review of Voting Guidelines.	Throughout 2024-25	On target

4.39 Update: An ACCESS update is provided in a separate agenda item at this meeting.

Continue activities within the Fund’s Climate Action Plan

4.40 Activity: 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.

In November 2023, ISC approved the “roadmap” carbon reporting beyond listed equities.

4.41 Key milestones:

Key Milestones	Dates	On target for completion?
All activities are listed within the Climate Action Plan – see Appendix 3.	During 2024/25.	On target

4.42 Updates: In May 2024 ISC agreed a proposal to incorporate an additional metrics, Science-Based Targets Initiative (SBTi) alignment into the June 2024 Analytics for Climate Transitions (ACT) report. The scope of the climate action plan is currently being extended beyond listed equities to encompass multi-asset credit in future analyses, thereby increasing coverage to 57.5%.

Communications

Continue with the development of the website

- 4.43 Activity: 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.

The team will now finish the build of the website during quarter 1 of the scheme year and launch in quarter 2.

Following the initial launch, satisfaction of the new website will be tested at the end of quarter 3.

- 4.44 Key milestones:

Key Milestones	Dates	On target for completion?
Webpages to be drafted and approved for publication.	April to June 2024	Rescheduled to end of September
Communicate planned website update to stakeholders.	May to July 2024	Completed
Launch new website.	July 2024	Rescheduled to October to December 2024
Review satisfaction with new website.	December 2024	Rescheduled to April 2025

- 4.45 Update: Since the last update, resource problems outside the control of the Pensions Service have caused further delay to the project and the infrastructure was not ready when expected from the external developers due to sickness and other absence within the organisation. A new project lead was assigned to the project by the WNC digital team and on reviewing the outstanding work, highlighted that the original target launch date was unrealistic. With the amount of work required once the infrastructure is migrated to WNC servers, including initial infrastructure testing, content upload, completion of accessibility requirements and accessibility testing of the website, we have now set a target date of end of September to have all the content uploaded to the website ready for final technical and accessibility testing with a view to launching the website by the end of the calendar year.

Prepare for 2025 Fund Valuation

- 4.46 Activity: 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.

This will include a review of assumptions to be used for the valuation and preparation of early valuation results for large local authority employers.

- 4.47 Key milestones:

Key Milestones.	Dates.	On target for completion?
Develop plan with Fund Actuary	April to June 2024	Completed
Undertake pre-valuation activities	July 2024 to March 2025	On target
Valuation of the Pension Fund	April 2025 to March 2026	On target

4.48 Update: An outline project plan has been agreed with the Fund Actuary including dates for key activities. Key decisions needed for policy development have also been identified. Data has also been provided to the Fund Actuary for large local authority employers to facilitate early modelling of contribution strategies for discussion and agreement with those employers to facilitate the completion of their medium-term financial plans.

Review suitability of having multiple investment strategies

4.49 Activity: 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.

This was not previously implemented as modelling of a variety of “investment buckets” suggested no material improvement in funding outcomes, with increased downside risk.

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.

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.

4.50 Key milestones:

Key Milestones.	Dates.	On target for completion?
Actuary to carry out initial assessment to determine if conditions have changed sufficiently to warrant further impact modelling.	April 2024	Completed.
Officers to consider results of initial assessment.	May to June 2024	Completed
Officers to make recommendation to Committee.	July 2024	Completed
If recommended and approved Fund officers to discuss scope of impact modelling and options to be considered.	August to September 2024	Completed
Actuary to carry out impact modelling.	October to December 2024	On Target
Officers to consider results of impact modelling.	January 2024	On Target
Officers to present results and make recommendation to Committee for approval	March 2025	On Target

4.51 Update: Modelling of the potential impacts of introducing multiple investment strategies was agreed by the Committee at its July meeting. The scope of the additional modelling has been discussed and agreed with the actuary who is now completing that work and the results will be discussed with Officers when completed.

5. Relevant Pension Fund objectives

5.1 To continually monitor and measure clearly articulated objectives through business planning.

6. Risk Management

- 6.1 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.

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
Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided	Green
Unable to deliver pension services due to inadequate recruitment/retention processes and inadequate skills and knowledge to undertake the role effectively.	Amber
Information may not be provided to stakeholders as required.	Amber
As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	Amber
Fund assets are not sufficient to meet obligations and liabilities.	Amber
Failure to respond to changes in economic conditions.	Amber
Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	Green
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
Failure to administer the scheme in line with regulations and guidance	Green
The Fund does not meet the proposed timeframe to pool assets, by March 2025, and/or is unable to adequately "comply or explain" why assets remain outside the pool.	Green
The Pension Fund and its members may become a target for fraudsters and criminals.	Amber
Risk of fraud and error.	Green
The Pension Fund fails to comply with legal duties in connection with Pension Dashboards	Green
Unable to deliver pension services due to high levels of workplace sickness absence	Amber
Pension Fund systems and data may not be secure and appropriately maintained, whether in situ or in transit.	Amber

7. Implications (including financial implications)

7.1 Resources and financial

- 7.1.1 There are no financial and resource implications associated with this report.

7.2 Legal Implications

7.2.1 No material issues have been identified which may give rise to legal liability and/or risk from an administering authority perspective.

7.3 Consultation with Key Advisers

7.3.1 Squire Patton Boggs conducted a review of the paper for legal implications.

7.4 Communication Implications

7.4.1 The Business Plan Update will be presented to the Pension Fund Committee and Pension Fund Board at each meeting.

7.5 Alternative Options Considered

7.5.1 Not applicable.

8. Background Papers.

8.1 [Council and committee meetings - Cambridgeshire County Council > Meetings \(cmis.uk.com\)](https://cmis.uk.com)

9. Appendices

9.1 Appendix 1 – Variances against the forecast of investments and administration expenses based on original setting of assumptions.

9.2 EXEMPT Appendix 2 – Cyber activity action plan

9.3 Appendix 3 – Cambridgeshire Pension Fund Climate Action Plan

10. Accessibility

10.1 The information contained in this report and the public appendices is available in an accessible version on request from mark.whitby@westnorthants.gov.uk

Appendix 1 – Variances against the forecast of investments and administration expenses based on original setting of assumptions.

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

	2024/25 Estimate	2024/25 Forecast	Variance	Comments
	£000	£000	£000	
Contributions ¹	155,000	155,000	-	
Transfers in from other pension funds ²	18,000	18,000	-	
TOTAL INCOME	173,000	173,000	-	
Benefits payable ³	(149,000)	(149,000)	-	
Payments to and on account of leavers ²	(13,000)	(13,000)	-	
TOTAL PAYMENTS	(162,000)	(162,000)	-	
Net additions/(withdrawals) from dealings with members	11,000	11,000	-	
Management expenses (Invoiced)	(5,903)	(5,885)	18	See below
Management expenses (Non-invoiced) ⁴	(21,300)	(22,000)	(700)	Calculated using fees from prior year plus actuarial growth assumption on AUM at June 24 to March 25
TOTAL MANAGEMENT EXPENSES	(27,203)	(27,885)	(682)	
TOTAL INCOME LESS EXPENDITURE	(16,203)	(16,885)	(682)	
Investment income ⁵	48,000	75,500	27,500	Actual income received to Q1 plus three estimated quarters
Taxes on income	-	(52)	(52)	Actual taxes on income to June 24
Profit and (losses) on disposal of investments and changes in the market value of investments ⁶	219,000	209,700	(9,300)	Actual Q1 return followed by actuarial long term growth assumption
NET RETURN ON INVESTMENTS	267,000	285,148	18,148	
Net increase/(decrease) in net assets available for benefits during the year	250,797	268,263	17,466	

Management Expenses

	2024/25 Estimate	2024/25 Forecast	Variance	Comments
	£000	£000	£000	
Total administration expenses	(3,546)	(3,515)	31	See Below
Total governance expenses	(1,072)	(1,085)	(13)	Consultancy costs to July 24 are higher than expected
Total investment expenses	(1,285)	(1,285)	-	
TOTAL MANAGEMENT EXPENSES	(5,903)	(5,885)	18	

Administration Expenses

	2024/25 Estimate	2024/25 Forecast	Variance	Comments
	£000	£000	£000	
Staff related	(2,458)	(2,440)	18	
Altair administration and payroll system	(413)	(413)	-	
Data Assurance	(22)	(24)	(2)	
Communications	(87)	(90)	(3)	
Other non pay and income	15	33	18	Interest received to July is higher than expected
County Council overhead recovery	(581)	(581)	-	
TOTAL ADMINISTRATION EXPENSES	(3,546)	(3,515)	31	

¹Contributions have been calculated using the Employer contribution rate and salary increase assumptions of 3.2% set by the actuary at 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.