

CAMBRIDGESHIRE PENSION FUND

Agenda Item: 7

Pension Fund Board

Date: 22 February 2021

Report by: Head of Pensions

Subject:	Pension Fund Annual Business Plan Update report 2020/21
Purpose of the Report	To present the Business Plan Update for the period 1 October 2020 to 31 January 2021
Recommendations	The Pension Fund Board is asked to note the Business Plan Update to 31 January 2021
Enquiries to:	Mark Whitby, Head of Pensions mwhitby@northamptonshire.gov.uk

1. Background

- 1.1 Good governance requires that updates to the pre-agreed Annual Business Plan and Medium-Term Strategy are provided to the Board on a regular basis. This update highlights the progress made on the key activities for the period up to the end of 2020/21 financial year.
- 1.2 A full list of the key fund activities for the 2020/21 financial year can be found in appendix 1 of this report.

2. Variances against the forecast of investments and administration expenses

- 2.1 The tables in appendix 2 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 June 2020.

3. Key Pension Fund Activities

- 3.1 Service Delivery (SD)

Reference	Key action/task	2020/21				Medium term	
		Q1	Q2	Q3	Q4	2021/22	2022/23
SD1	Undertake a review of the Business Continuity Plan	✓	✓	✓			

SD2	Undertake an analysis of the risks faced by the Fund as a result of cyber-crime and out in place appropriate mitigations		✓	✓	✓		
SD5	Re-tender/extend contract for mortality screening and address tracing services			✓		✓	

3.1.1 SD1 - Undertake a review of the Business Continuity Plan

Action: The Business Continuity Plan (BCP) covering the Fund's governance and administration is now due for a full review. This review will help ensure appropriate arrangements are being put in place to facilitate the seamless transition of shared service administration from Northamptonshire County Council to West Northamptonshire Council on 1 April 2021 and incorporate any learning points from the pandemic.

Update: Aquila Heywood undertook penetration testing in December and undertake disaster recovery testing each May. The results of the most recent testing will be verbally updated at this meeting.

<u>Key milestones</u>	<u>Due for Completion</u>	<u>Status</u>
Test resilience with Aquila Heywood (pensions administration/payroll supplier)	Dec 2020 – Jan 2021	Green – completed.
Test resilience with the new corporate BCP	Apr 2021 - May 2021	Green
Scrutiny of Business Continuity arrangements by Local Pension Board	July 2021	Green
Update Pension Fund Committee on Business Continuity arrangements	July 2021	Green

3.1.2 SD2 - Undertake an analysis of the risks faced by the Fund as a result of cyber-crime and out in place appropriate mitigations

Action: Cyber-crime is posing increasingly sophisticated threats to the administration of the Fund. At the same time the Fund is trying to implement its digital strategy in an effective, efficient and equitable manner. This activity is therefore to analyse the risks to the Fund in the digital space and implement any appropriate actions arising from that analysis.

Update: Officers carried out a cyber-security self-assessment using the Aon cyber-security score card. The results were submitted to Aon who have analysed the results and produced a report setting out the recommendations to improve the Fund's cyber resilience. The next steps are to map out the Fund's assets and data flows to identify areas of risk at the same time as developing a cyber-strategy/action plan to implement changes that will increase the Fund's resilience to cyber-crime.

<u>Key milestones</u>	<u>Due for completion</u>	<u>Status</u>
Ensure officers undertake mandatory cyber-security training	July – September 2020	Completed.
Investigate current security and other measures implemented by Northamptonshire County Council and key partners designed to mitigate cyber-crime	July – September 2020	Completed – results fed into cyber score-card assessment.
Complete cyber score card self-assessment	October to December 2021	Green – completed.
Obtain specialist advice on how the Fund can improve its resilience to cyber-crime	January to March 2021	Green – completed
Develop a cyber-strategy /action plan to improve resilience to cyber-crime	March 2021	Green – on target
Implement action plan	From April 2021	Green – on target

3.1.3 SD5 - Re-tender/extend contracts for mortality screening and address tracing services

Action: The existing contracts for mortality screening and address tracing services is due to expire in June 2021 with the option of a two-year extension on each contract. The Fund will need to consider whether the contracts should be extended for a further two years or if it is appropriate to conduct a procurement on a joint basis with the Cambridgeshire Pension Fund using the National LGPS Framework.

Update: A decision to extend the mortality screening contract by two years has been made. The address tracing service contract is to be formally amended by a contract variation to an ad hoc service to meet the needs of the service.

<u>Key milestones</u>	<u>Due for completion</u>	<u>Status</u>
Decision to procure or extend mortality screening contract	December 2020	Completed.
Decision to procure or extend Address tracing contract	December 2020	Completed.
Initiate relevant decisions	April 2021	Green

3.2 Governance and compliance (GC)

Reference	Key action/task	2020/21				Medium term	
		Q1	Q2	Q3	Q4	2021/22	2022/23
GC1	Complete the Guaranteed Minimum Pension Rectification	✓	✓	✓	✓	✓	

3.2.1 GC1 Complete the Guaranteed Minimum Pension Rectification

Action: 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. The Fund outsourced the majority of the reconciliation and rectification exercise to ITM Limited. The reconciliation stage of this completed in 2019/20 however following the delay in HMRC issuing the final file of data, the rectification stage has not been able to fully commence.

Update: Due to the absence of a key member of staff for a three-month period and reallocation of resources within the team to manage priorities the planning stage of this project has been deferred to April 2021 with the intention of the rectification work commencing in June 2021 once other statutory annual data activities have been completed. The postponement of the lead in activities will not have any impact on the scheduled end date of the overall project.

<u>Key milestones</u>	<u>Due for Completion</u>	<u>Status</u>
Receipt of final data file from HMRC	June 2020	Amber - data supplied by HMRC in July 20
ITM Limited to supply data on which member records require rectification	September 2020	Amber – data scheduled to be received in November 2020
Produce project plan to rectify records	October 2020	Amber – data not received until November. Activity rescheduled to April 2021
Implement project plan	November 2020 to December 2021	Amber– rescheduled to begin June 2021 but end date not impacted.

3.3 Communications, Systems and Employer Management (CSEM)

Reference	Key action/task	2020/21				Medium term	
		Q1	Q2	Q3	Q4	2021/22	2022/23
CSEM1	Undertake a digital strategy review	✓	✓	✓	✓		
CSEM2	Scope requirements for data collection in respect of the LGPS Transitional Protections			✓	✓		
CSEM4	Implement multiple investment strategies	✓	✓	✓	✓	✓	

3.3.1 CSEM1 – Undertake a digital strategy review

Action: The Fund is committed to delivering a service where communication is digital by default to provide an excellent customer experience for all stakeholders and to ensure that technology is used appropriately to create a high quality, efficient and modern pensions service. The review will be carried out over a 3-year period and will focus on the use of digital services across a range of work streams including member experience, communications, data collection and data processing. This will begin with a review of the current use of digital solutions and identify where digital solutions will be beneficial. A plan will then be developed, identifying priorities and setting out a schedule for introducing further digital improvements.

Update: The roll out of monthly employer data collection has been progressing well with data for 92% of the membership being provided by employers on a monthly basis. For the remaining 8% the aim is for employers to be on board by the end of the scheme year, with some exceptions where the employer will shortly be changing payroll system or provider. The monthly data collection will start for these employers once their new payroll systems/providers are in place.

Work on formulating a digital processing plan has now become unnecessary as the majority of the desired outcomes were achieved as part of the response to the pandemic. Design principles have been embedded that require all new process have minimum manual intervention and where this is required it is carried out at the lowest appropriate level within the organisation. Communicating with members is conducted digitally as standard including uploading letters and documents to members' online pension accounts instead of posting them. A number of applications have been developed to streamline and automate processes as much as possible. This includes checking the membership data submitted by employers and quality checks on individual member's records to assist with bulk processing, where possible.

<u>Key milestones</u>	<u>Due for Completion</u>	<u>Status</u>
Complete roll out of monthly employer data collection	2020/21	Green - on target
Undertake website accessibility review	April to October 2020	Completed
Formulate digital processing plan	June to December 2020	No longer required
Investigate the feasibility of using e-forms	April to December 2020	Completed

3.3.2 CSEM2 - Scope requirements for data collection in respect of the LGPS Transitional Protections

Action: As a result of the ruling in the McCloud/Sargent cases determining that the transitional protections in the Firefighters and Judges' pension schemes were age discriminatory, it was confirmed that this judgement will also apply to the LGPS. The remedy is awaited but it is assumed that the protections will be extended to at least cover all members in the scheme when the protections were introduced. As a result, there may be an exercise required to collect data relevant to the transitional protection.

Update: Officers have been working on possible ways to analyse the data within the system to identify which employers need more engagement. Test data has been collated for some members where relevant and checks are being refined to try and identify where there is missing data.

<u>Key milestones</u>	<u>Due for Completion</u>	<u>Status</u>
Develop requirements and plan for data collection activities	October 2020 to March 2021	Green On Target

3.3.3 CSEM4 – Implement multiple investment strategies

Action: With an increasing number and variety of scheme employers participating in the Fund it is prudent to consider whether greater flexibility is required to meet the different funding requirements of these scheme employers, who may have different investment risk appetites and whose scheme membership may have vastly differing levels of maturity. This project will look to create a small number of "investment buckets" into which different categories of scheme employer could be allocated.

Update: Officers have been working with the Fund Actuary to investigate the options available for implementing multiple investment strategies. During these discussions it became apparent that more detailed analysis of the different options were needed. In particular officers were of the view that modelling of the different strategy options were required to assess whether or not better outcomes could be achieved. A proposal was put before the Committee to seek permission to move on to the next stage of the project and approve additional expenditure for required modelling. This was approved at the December meeting and officers are now working with the actuary to progress through the next stage.

<u>Key milestones</u>	<u>Due for Completion</u>	<u>Status</u>
Work with the Fund's advisors to assess possible appropriate options	June to September 2020	Completed
Present progress update to the Pension Fund Committee and seek approval for next stages.	October 2020	Green - rescheduled to December 2020 and completed
Modelling of different investment strategies.	December 2020 to February 2021	Green – on target
Agreement and implementation of multiple investment strategies.	2021/22	Subject to prior decision.

3.4 Operations (OPS)

Reference	Key action/task	2020/21				Medium term	
		Q1	Q2	Q3	Q4	2021/22	2022/23
OPS1	Resolution of undecided leavers	✓	✓	✓	✓	✓	✓
OPS2	Scope and conduct potential liability reduction exercises	✓	✓	✓	✓	✓	✓

3.4.1 OPS1 – Resolution of undecided leavers

Action: 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. The number of these cases has historically grown primarily due to 1) scheme employers not notifying the Fund that members of the scheme have left their employment or 2) scheme employers providing late monthly reporting.

As at April 2020 the number of unprocessed leavers had reduced from 11,082 to 9,636 inclusive of BAU volumes. The target for 2020-21 is to reduce the number of unprocessed leavers to approximately 7,500 cases by the end of the year and then down to BAU volumes during 2021-22.

Update: As of December 2020 the number of unprocessed leavers has increased from 9,636 to circa 10,000 inclusive of BAU. The impact of the pandemic and the switch to monthly data provision via i-Connect, which creates additional transactional activity to be managed, has meant that this activity has not progressed as expected.

However, it is clear that reporting total unprocessed leavers is unhelpful due to the volume that will always be present as a business as usual baseline. For next year's Business Plan the volume of genuine aged cases will be reported instead; the volume of cases over 6 months from notification by the scheme employer and the subset of those where we are still awaiting information in order to process.

<u>Key milestones</u>	<u>Due for Completion</u>	<u>Status</u>
Baseline backlog cases for reporting purposes	April 2020	Completed
Aon clearance of approximately 1,300	By March 2021	Red – started processing late
Internal clearance of cases to reduce volumes to 5,000 cases	By March 2021	Red – revised target 7,500 cases
Internal clearance of cases to reduce volumes to circa 3,000 (including contingency for any not processed in 2020-21)	2021/22	Amber – as revised 2020/21 target will require more cases processed in 2021/22

3.4.2 OPS2 – Scope and conduct potential liability reduction exercises

Action: The Fund has an increasing number of records belonging to members that are due a refund of pension contributions (due to having insufficient membership within the LGPS to be awarded a pension entitlement and with the member not having claimed a refund) and also a large number of pensions in payment of a very low value that could be fully commuted into a one-off payment, extinguishing the Fund's liability.

It has become increasingly common for pension schemes to look at ways of reducing the number of such records, communicating with these members in order to assess their eligibility and desire to receive payment of the refund or fully commute their benefits.

Update: As of January 2021, 1,242 (18%) out of 6,830 members had been contacted and been given the opportunity to claim a frozen refund. 453 members have since received a refund, transferred out or aggregated with a new record.

<u>Key milestones</u>	<u>Due for Completion</u>	<u>Status</u>
Scope exercise (refunds)	May 2020	Completed
Formulate project plan (refunds)	June 2020	Completed
Conduct exercise (review all refund cases to ensure that all letters and forms have been issued)	Thru to end of 2021/22	Green – on target
Scope exercise, formulate project plan and conduct exercise (small commutable pensions)	2022/23	Green - Future activity

3.5 Investments and fund accountancy (INV)

Reference	Key action/task	2020/21				Medium term	
		Q1	Q2	Q3	Q4	2021/22	2022/23
INV1	Implement strategic allocation to Fixed Income	Completed				✓	
INV2	Re-tender for investment consultancy services			✓	✓	✓	
INV3	Continue development of the asset pool	✓	✓	✓	✓	✓	✓
INV5	Review the Fund's Responsible Investment Policy	✓	✓	✓	✓	✓	
INV7	Re-tender collaboratively with ACCESS partners to procure a global custody services provider	✓	✓	✓	✓	✓	

3.5.1 INV1 – Implement strategic allocation to fixed income

Action: This continues the work undertaken in 2019/20 looking at Multi Asset Credit managers, reviewing both managers in the asset pool and alternative best in class managers, with a view to recommending an allocation(s) for Pension Fund Committee approval and subsequent implementation. Due to the pandemic flexible dates have been suggested.

Update: The Fund invested in Multi Asset Credit funds managed by Bluebay and M&G in September 2020 and, following the approval by the Pension Fund Committee in October of an increased strategic allocation, completed additional subscriptions to these funds in November 2020.

<u>Key milestones</u>	<u>Due for Completion</u>	<u>Status</u>
Agree scope and allocation(s)	July to September 2020	Completed
Undertake manager selection	November 2020 to February 2021	Completed
Implementation	March 2021 to June 2021	Completed

3.5.2 INV2 - Re-tender for investment consultancy services

Action: The investment consultancy contract with Mercer LLC was extended in September 2017 for three years to 30 September 2020 and requires re-tendering in 2020/21 through the National LGPS Frameworks. This will be a joint procurement with the Northamptonshire Pension Fund for a single supplier to benefit from the efficiencies of a shared service. Each Fund will have separate contractual arrangements.

Update: Officers have prepared the tender documentation for issue to the seven suppliers on the Framework in early February 2021. Interviews of short-listed suppliers are scheduled for late March 2021.

<u>Key milestones</u>	<u>Due for completion</u>	<u>Status</u>
Commence re-tender process	October 2020 to April 2021	Green – on target
Arrange selection day	January 2021 to June 2021	Green – on target
Complete procurement	By September 2021	Green – on target

3.5.3 INV3 - Continue development of the asset pool

Action: The ACCESS asset pool development is a long-term project. 2020/21 will see the Fund's final liquid assets transfer into the pool as the remaining tranches of sub-funds are established in the asset pool. In parallel, ACCESS is developing a pool level solution for investing in illiquid assets, a continuation of the project that commenced during 2019/20, which is expected to continue throughout 2020/21 and beyond. Finally, officers are supporting the launch of an emerging markets equities sub-fund.

Update: The launches of the remaining scheduled liquid sub-funds have been delayed to resolve operational issues between Link and the depositary, Northern Trust. The evaluation of emerging markets equity managers was completed in January 2021 with moderation due in early February to confirm the managers of two proposed sub-funds. The proposed pooling structures and the procurement of an Implementation Adviser for the Illiquid Assets solution were approved by the ACCESS Joint Committee in January 2021.

<u>Key milestones</u>	<u>Due for completion</u>	<u>Status</u>
Liquid assets (complete remaining tranches as they arise)	October 2020 to April 2021	Amber – delay due to focus of other authorities on pandemic response. Operation and technical issues have delayed the launch of the remaining tranches.
Liquid Assets (support the establishment of an emerging markets equities sub fund)	March 2021	Green – on target
Illiquid Assets (continue to support the illiquid asset pooling solution)	2020/21 to 2021/22	Green – on target

3.5.4 INV5- Reviews the Fund's Responsible Investment Policy

Action: Following significant developments in stakeholder expectation with regards to Responsible Investment (RI), the Fund will undertake training on current issues and best practice and reassess the RI beliefs of the current Pension Fund Committee and Pension Fund Board. This will inform the development of the Fund's RI Policy and subsequent incorporation of this Policy into the Fund's Investment Strategy. The amended Investment Strategy will then be subject to consultation with stakeholders.

Due to the pandemic the training will be provided remotely via suitable media applications to maintain momentum with regard to this initiative. Concurrently the Fund will obtain an RI report to commence the journey to better understand where the Fund benchmarks across a spectrum of ESG and carbon foot printing, the key aspects of which was presented at the July training event.

Update: A draft Responsible Investment Policy will be presented to the Investment Sub Committee in February 2021 and, if approved, will be presented to the Pension Fund Committee for approval in March 2021.

<u>Key milestones</u>	<u>Due for completion</u>	<u>Status</u>
Production of ESG and Carbon foot-printing Benchmarking report	May 2020	Completed
Deliver responsible Investment Training (Information Day)	July 2020	Completed
Undertake Responsible Investment beliefs survey	July 2020	Completed
Develop Responsible Investment Policy	August to December 2020	Completed
ISC to approve RI Policy	February 2021	Green – on target
Pensions Committee to approve RI Policy for consultation (to be incorporated into Investment Strategy Statement (ISS))	March 2021	Green – on target
Consultation on revised ISS incorporating a revised RI Policy	April 2021 to June 2021	Green – on target

3.5.5 INV7 - Re-tender collaboratively with ACCESS partners to procure a global custody services provider

Action: The Pension Fund Committee approved in principle the collective procurement of a global custodian, alongside ACCESS partners, in time to transition the Fund's custody arrangements to the chosen provider (if not the existing provider) before the expiry of the Fund's extended contract with Northern Trust. Delivery of this activity is firstly, dependent upon collaboration with fellow LGPS Funds in the creation of a procurement framework and secondly with ACCESS partners in calling off the new framework. Note the Fund has extended its existing global custody arrangements until 30th September 2021.

Update: Officers have participated in the supplier selection for the National Framework and the successful suppliers have been notified but are in the confidential stand still stage. A Task and Finish group has been formed with ACCESS partners to call off the framework and the group has met twice to date to define the service specification and agree a timetable for delivery.

<u>Key milestones</u>	<u>Due for Completion</u>	<u>Status</u>
Work with other LGPS funds to create a framework	April 20 to January 21	Completed
Work with ACCESS partners to call off a common custodian	Dec 2020 to June 2021	Green - on target
Complete transition to the new Custodian (if required)	July 2021 to Sep 2021	Green – future activity

4. Relevant Fund objectives

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

5. Risk Management

- 5.1 The Pension Fund Committee approves the Annual Business Plan and Medium-Term Strategy every March for the upcoming year. The plan highlights the key activities of the Fund and the progress of these activities are reported through the Business Plan Update reports provided to the Pension Fund Committee and Pension Fund Board at every meeting.
- 5.2 The risks associated with failing to monitor progress against the Business Plan have been captured in the Fund's risk register as detailed below:

Risk No.	Risk	Residual risk rating
8.	Those charged with the governance are unable to fulfil their responsibilities effectively	Green
14.	Failure to administer the scheme in line with regulations and guidance	Green
16.	Pension Fund objectives not defined and agreed	Green

- 5.3 A full version of the Fund risk register can be found at the following link –
<https://pensions.northamptonshire.gov.uk/app/uploads/2020/06/CPFRiskRegisterJune20.pdf>

6. Communication Implications

Direct Communications	The Business Plan Update will be presented to the Pension Fund Committee and Pension Fund Board at each meeting.
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7. Finance & Resources Implications

- 7.1 Any updated financial implications are set out in the relevant activities.

8. Legal Implications

- 8.1 Not applicable

9. Consultation with Key Advisers

- 9.1 Consultation with the Fund's advisers was not required for this report.

10. Alternative Options Considered

- 10.1 Not applicable

11. Background Papers

- 11.1 Annual Business Plan and Medium Term Strategy 2020/21 –
<https://pensions.northamptonshire.gov.uk/app/uploads/2020/07/AnnualBusinessPlanAndMediumTermStrategyCambridgeshire2020.21.pdf>

12. Appendices

- 12.1 Appendix 1 – Full list of Key Fund Activities for the 2020/21 financial year.
- 12.2 Appendix 2 – Variances against the forecast of investments and administration expenses based on original setting of assumptions.

Checklist of Key Approvals	
Has this report been cleared by the Head of Pensions?	Mark Whitby – 11 February 2021

Appendix 1 – Full list of Key Fund Activities for the 2020/21 financial year.

Service delivery

Reference	Key action/task	2020/21				Medium term	
		Q1	Q2	Q3	Q4	2021/22	2022/23
SD1	Undertake a review of the Business Continuity Plan	✓	✓	✓	✓	✓	
		Re-profiled to complete in July 2021					
SD2	Undertake an analysis of the risks faced by the Fund as a result of cyber-crime and put in place appropriate mitigations		✓	✓	✓	✓	
		Re-profiled to implement action plan from April 2021					
SD3	Retender/extend contract for actuarial, benefits and governance consultancy services					✓	
SD4	Extension of pensions administration and payroll software	Completed					
SD5	Re-tender/extend contract for mortality screening and address tracing services			✓	✓	✓	
		Re-profiled for decision to be made in March 2021					

Governance and Compliance

Reference	Key action/task	2020/21				Medium term	
		Q1	Q2	Q3	Q4	2021/22	2022/23
GC1	Complete the Guaranteed Minimum Pension rectification	✓	✓	✓	✓	✓	
GC2	Obtain Pensions Administration Standards Association (PASA) accreditation						✓
GC3	Conduct market testing and procure a supplier of independent data auditing services				✓	✓	

Communications, Systems and Employer Management

Reference	Key action/task	2020/21				Medium term	
		Q1	Q2	Q3	Q4	2021/22	2022/23
CSEM1	Undertake a digital strategy review	✓	✓	✓	✓		
CSEM2	Scope requirements for data collection in respect of the LGPS Transitional Protections			✓	✓		
CSEM3	Prepare for the 2022 Valuation of the Pension Fund					✓	✓
CSEM4	Implement multiple investment strategies	✓	✓	✓	✓	✓	

Operations

Reference	Key action/task	2020/21				Medium term	
		Q1	Q2	Q3	Q4	2021/22	2022/23
OPS1	Resolution of unprocessed leaver records	✓	✓	✓	✓	✓	
		New target established and activity to continue into 2021/22					
OPS2	Scope and conduct potential liability reduction exercises	✓	✓	✓	✓	✓	✓

Investments

Reference	Key action/task	2020/21				Medium term	
		Q1	Q2	Q3	Q4	2021/22	2022/23
INV1	Implement strategic allocation to Fixed Income	Completed					
INV2	Re-tender for investment consultancy services			✓	✓	✓	
INV3	Continue development of the asset pool	✓	✓	✓	✓	✓	✓
INV4	Tender for an independent investment adviser	Completed					
INV5	Review the Fund's Responsible Investment Policy	✓	✓	✓	✓	✓	
INV6	Review the Real Estate strategy				✓	✓	
INV7	Re-tender collaboratively with ACCESS partners to procure a global custody services provider	✓	✓	✓	✓	✓	

Appendix 2 – Variances against the forecast of investments and administration expenses based on original setting of assumptions

Fund Account	2020-21 Estimate	2020-21 Forecast	Variance	Comments
	£000	£000	£000	
Contributions	130,000	147,696	17,696	The increase in contributions reflects a couple of employers paying their 3-year deficit in the first year of 2019 Demand led
Transfers in from other pension funds	5,200	6,708	1,508	
Total income	135,200	154,404	19,204	
Benefits payable	(114,000)	(111,352)	(2,648)	Demand led
Payments to and on account of leavers	(10,200)	(6,891)	(3,309)	
Total Payments	(124,200)	(118,243)	(5,957)	
	11,000	36,161	25,161	
Management Expenses	(5,149)	(4,586)	(563)	See below
Total income less expenditure	5,851	31,575	25,724	
Investment income	40,000	28,000	(12,000)	30% income decline. Average estimated by investment managers.
Taxes on income	-	-	-	
Profit and (losses) on disposal of investments and changes in the market value of investments	69,000	69,000	-	
Net return on investments	109,000	97,000	(12,000)	
Net increase/(decrease) in the net assets available for benefits during the year	114,851	128,575	13,724	

Management Expenses	2020-21 Estimate	2020-21 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	(2,644)	(2,790)	146	See below
Total Governance Expenses	(784)	(699)	(85)	Decrease in Cllr training, hire of facilities due to COVID 19 and legal and consultancy costs lower than expected.
Total Investment Invoiced Expenses	(1,721)	(1,097)	(624)	Investment assets moving into pooled arrangements
Total Management Expenses	(5,149)	(4,586)	(563)	

Administration Expenses Analysis	2020-21 Estimate	2020-21 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	(1,423)	(1,518)	95	Vacancy factor lower than forecast due to COVID-19 plus the addition of one Pension Officer within Service. There has been a reduction in agency cost and staff training costs.
Altair System and payroll system	(336)	(355)	19	
Data Improvement Projects	(313)	(350)	37	Additional software licensing costs for third party project activity
Communications	(71)	(71)	-	
Other Non-Pay and Income	(16)	(11)	(5)	
County Council Overhead Recovery	(485)	(485)	-	
Total Administration Expenses	(2,644)	(2,790)	146	

Negative figures represent decreases on income and expenditure
Positive figures represent increases on income and expenditure