

CAMBRIDGESHIRE PENSION FUND

PENSION FUND COMMITTEE

DATE: 8TH DECEMBER 2020

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 st September to 31 st October 2020.
Recommendations	The Pension Fund Committee is asked to note the Business Plan Update to 31 st October 2020.
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 Committee 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 one of the two new Northamptonshire Unitary authorities and incorporate any learning points from the pandemic.

Update: A rapid review of the BCP was undertaken shortly before the start of the pandemic to ensure arrangements were in place for staff to work remotely; the pandemic then causing the more in-depth review to be postponed. The milestones for this activity have now been re-profiled to take into account the postponement and to tie in with the transition of the Pensions Service to West Northamptonshire Council on 1 April 2021. The milestones below have been amended to reflect this.

<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
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 put 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: The Fund has received information on practices surrounding cyber-crime from Hymans Robertson, the Fund Actuary, and Aquila Heywood, our software provider, to provide assurance over the efforts to minimise the risk and impact of a cyber-attack. Officers have also undertaken mandatory online cyber security training under the Northamptonshire County Council corporate training plan. Unfortunately, due to other priorities created by an intensive period of regulatory change, the analysis has not been fully completed and specialist advice has not been able to be taken. As a result, the implementation of the action plan from February 2021 is likely to be delayed until later in the year.

The next step is to liaise with Northamptonshire County Council over their arrangements to reduce the risk and impact from cyber-crime and take specialist advice to develop an action plan. As a result, we have redefined the actions in this business plan activity and re-profiled the timeline accordingly.

<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	Amber– partially completed with remaining activity to be carried out from October to December 2020.
Complete cyber score card self-assessment	October to December 2021	Green – on target
Obtain specialist advice in connection with cyber-crime to assist with the development of an action plan	January to 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 Northamptonshire Pension Fund using the National LGPS Framework.

Update: Consideration has been given to the future of both contracts. With the agreement of the Pension Fund Committee, Officers would like to extend the contract for mortality screening services for a further two years as this is delivering to a satisfactory standard the desired outcomes. With regards to the address tracing contract more time is required to examine the market for a more effective method to achieve ad-hoc tracing requirements as opposed to large scale tracing as this did not produce results to the required standards of confidence and accuracy. As such, the key milestones have been updated accordingly.

<u>Key milestones</u>	<u>Due for completion</u>	<u>Status</u>
Decision to procure or extend mortality screening contract	December 2020	Green

Decision to procure or extend address tracing contract March 2021 Green

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 HMRC not delivering the final set of data until July and that data set containing errors, ITM have not been able to deliver data for the records that require rectification until November 2020. As such the subsequent key milestones have been amended to reflect this delay. At this stage the overall project is still expected to complete by December 2021.

<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 December 2020
Implement project plan	November 2020 to December 2021	Green – rescheduled to begin January 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. All new employers admitted into the Fund are instructed that data must be provided monthly and i-Connect is the only option provided to them. Out of 525 employer entities, 495 are now providing data monthly covering 93% of active member records. There are 30 employer entities remaining to be converted to monthly data provision and we continue to work with those employers.

An accessibility review of the Fund's scheme employer website was undertaken by Shaw Trust. The website was assessed as meeting 75% of the success criteria for level AA conformance, but only 44% of the success criteria for level A conformance. The majority of areas where the website failed to meet the criteria are straightforward to correct and an improvement plan was agreed with the Northamptonshire County Council Digital team, which supports the scheme employer website and, at the time of writing, stage 1 of the improvement work is expected to be completed by 7 December. Officers are speaking to Aquila Heywood who host the scheme member website regarding improvements needed on their platform.

Following pressures from the pandemic, a number of digital improvements have been accelerated with more electronic communication taking place with members and some processes becoming more reliant on digital solutions in whole or part. Given these pressures and other priorities as a result of recent legislative announcements, a plan for further improvements has not yet been developed and this work has been rescheduled for completion by March 2021.

<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	Amber – rescheduled to between January and March 2021
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: A standardised data collection template has been received from the Local Government Association and officers are currently in the process of investigating what data analysis, if any, can be carried out to help focus our data collection activities. This includes discussions with the Fund software provider Aquila Heywood over what tools will be available to assist with this analysis.

<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: A report is being presented to the Committee during this meeting that will cover the progress to date. Key milestones have been updated and this is in response to the initial discussions with the Fund Actuary. It has been identified that it would be prudent to undertake additional modelling to assess the impact of multiple investment strategies, increasing the costs of this project. The report presented to the Committee today will seek approval for the next stages, including approval of additional costs.

<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	Amber – rescheduled to December 2020
Modelling of different investment strategies.	December 2020 to February 2021	Subject to prior Committee decision
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 (business as usual) volumes. The target for 2020-21 was to reduce the number of unprocessed leavers to approximately 5,000 cases by 31 March 2021 and then down to circa 3,000 cases (assumed BAU volume) during 2021-22.

Update: The number of unprocessed leavers have slightly increased during the year from 9,636 to 10,127 as at October 2020. This, however, includes BAU volumes and, in particular, the end of August spike due to leavers from educational establishments; a temporary system fault with regards to auto-aggregation functionality means these and other leavers have not recently been able to be processed as quickly as normal. As a result of these factors and the other pressures resulting from the impact of the pandemic, it is proposed that a more realistic target for the remainder of the scheme year is to reduce total cases, including BAU volumes, to 7,500.

<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	Amber – started processing late
Internal clearance of cases to reduce volumes to 5,000 cases	By March 2021	Amber – 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 from any future 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: The reduction exercise is currently progressing with the team issuing refund options to our members. As of October 2020 1,153 (17%) out of 6,928 members had been contacted and been given the opportunity to claim a frozen refund. 373 members had requested and received a refund.

<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 (refunds)	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: In October 2020 the Pension Fund Committee approved an increase in strategic allocation for Multi Asset Credit from 7% to 10% which has been implemented with additional investments with BlueBay and M & G completed on 2nd 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. However due to the impact of the Coronavirus pandemic on the ability to undertake a procurement process at this time, officers have sought a further extension to the current contract, which remains pending at this time. The key milestones show alternative dates dependent upon the duration of extension the Fund can achieve. 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: A paper was presented to the November ISC setting out a timetable for the re-tender selection process to be substantially complete by April 2021. The ISC approved the timetable and proposed contract term for the Consultancy re-tender and approved the launch of a concurrent re-tender for the Investment Management Performance Reporting contract currently provided by Mercer.

<u>Key activities</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: There have been a number of issues which have delayed the launches of some of liquid asset sub-funds: availability of resources in partnering Authorities; the need for Link to procure adequate insurance cover necessary to cover the additional funds under management arising from the launch of additional sub-funds; and the need for the ACS Depositary, Northern Trust, to complete a software update to ensure compliance with regulatory Authorities. These issues are now resolved with remaining sub-fund launched planned from November 2020 to March 2021.

<u>Key milestones</u>	<u>Due for Completion</u>	<u>Status</u>
Liquid Assets – Complete remaining Tranches as they arise	June 2020	Amber - delayed to March 2021

Liquid Assets – Support the establishment Of an Emerging Markets equities sub fund	March 2021	Green
Illiquid Assets – Continue to support the Illiquid asset pooling solution	2020/21 to 2021/22	Green

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 coronavirus pandemic the training will be provided remotely via suitable media applications to maintain momentum.

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 will be presented in the July training event.

Update: Revised investment beliefs have been drafted and a revised Responsible Investment policy is under development and will be presented to the ISC in February 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	Green – on target
Incorporate Responsible Investment Policy Into Investment Strategy	Jan- Feb 2021	Green
Approval of ISS incorporating RI policy	March 21	Green
Consultation on revised Investment Strategy	April 2021 to June 2021	Green

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: Responses to the tender for becoming a Framework provider have been received and will be evaluated during early December.

<u>Key milestones</u>	<u>Due for Completion</u>	<u>Status</u>
Work with other LGPS funds to create a framework	April 2020 to January 2021	Green - ongoing
Work with ACCESS partners to call off a common custodian	December 2020 to June 2021	Green
Complete transition to the new Custodian (if required)	July 2021 to September 2021	Green

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 – [Risk Register Hyperlink](#)

6. Communication Implications

Direct Communications: The Business Plan Update will be presented to the Pension Fund Committee at each meeting.

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 – [Annual Business Plan Hyperlink](#)

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 – 12th November 2020

Has this report been cleared by the Section 151 Officer / Director of Finance? Sarah Heywood – 23rd November 2020

Has the Chairman of the Pension Fund Board been consulted? Councillor Rogers – 23rd November 2020

Has this report been cleared by Legal Services? Fiona McMillan – 13th November 2020

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	✓	✓				
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	130,000	-	
Transfers in from other pension funds	5,200	5,200	-	
Total income	135,200	135,200	-	
Benefits payable	(114,000)	(114,000)	-	
Payments to and on account of leavers	(10,200)	(10,200)	-	
Total Payments	(124,200)	(124,200)	-	
	11,000	11,000	-	
Management Expenses	(5,149)	(5,226)	77	See analysis below.
Total income less expenditure	5,851	5,774	77	
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	102,774	-11,923	

Management Expenses	2020-21 Estimate	2020-21 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	-2,644	-2,740	96	See analysis below.
Total Governance Expenses	-784	-765	-19	Decrease in Cllr training and hire of facilities due to COVID 19
Total Investment Invoiced Expenses	-1,721	-1,721	-	
Total Management Expenses	-5,149	-5,226	77	

Administration Expenses Analysis	2020-21 Estimate	2020-21 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	-1,423	-1,519	96	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	Additional internal software licensing costs
Data Improvement Projects	-313	-327	14	Additional software licensing costs for third party project activity
Communications	-71	-66	-5	
Other Non-Pay and Income	-16	12	-28	Income currently higher than expenditure
County Council Overhead Recovery	-485	-485	-	
Total Administration Expenses	-2,644	-2,740	96	

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