

Cambridgeshire Pension Fund

Pension Fund Committee

Date: 30 September 2021

Report by: Head of Pensions

Subject: Pension Fund Annual Business Plan Update report 2021/22

Purpose of the Report: To present the Business Plan Update for the period 1 June 2021 to 31 July 2021

Recommendation: The Pension Fund Committee is asked to:
Note the Business Plan Update to 31 July 2021

Enquiries to: Mark Whitby, Head of Pensions
mark.whitby@westnorthants.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 31 July 2021.
- 1.2 A full list of the key fund activities for the 2021/22 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 March 2021.

3. Key activities

3.1 Re-tender for strategic investment advisory services

- 3.1.1 Background: This continued the work undertaken in 2020/21 to re-tender the investment advisory services contract that was previously awarded to Mercer LLC that expires on 30 September 2021 by performing a mini competition on the National LGPS Framework. The November 2020 Investment Sub-Committee approved the timetable and the proposed contract term for the Consultancy re-tender and approved the launch of a re-tender for the Investment Management Performance Reporting contract currently provided by Mercer, should this be necessary. This was 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.

3.1.2 Key milestones:

Key Milestones	Dates	On target for completion?
Notify successful supplier	April 2021	Completed
Complete Consultancy procurement / complete National Frameworks Order	June 2021	Procurement complete. In negotiation over performance reporting aspects. Rescheduled for September/October 2021
Complete Management Performance Reporting procurement/ complete National Frameworks Order, if required	June 2021	Not applicable
Transition/handover (including historical performance data)	July 2021 to September 2021	Not applicable
New contract begins	1 October 2021	On target
Strategy health check	31 March 2022	On target

3.1.3 Update: No planned activity scheduled for the reporting period.

3.2 Retender for global custody services

3.2.1 Background: This continues the work undertaken in 2020/21 with Funds in the ACCESS pool to launch a revised framework for Global Custody Services under the National LGPS Frameworks. The Pension Fund Committee approved in principle the collaborative procurement of a global custodian, alongside ACCESS partners, in sufficient time to transition the Fund's custody arrangements to the chosen provider (if a change from the current provider) before the expiry on 30 September 2021 of the Fund's extended contract with Northern Trust. Delivery of this activity is dependent upon collaboration with ACCESS partners in calling off the new framework.

3.2.2 Key milestones:

Key Milestones	Dates	On target for completion?
Work with ACCESS partners to call off a common custodian.	December 2020 to 30 September 2021 (revised date, formerly June 2021)	On target
Complete transition to the new custodian (if required).	July 2021 to September 2021	Not applicable

3.2.3 Update: The successful supplier is the Fund's incumbent Custodian, Northern Trust. As no transition activity is necessary the first milestone date has been extended to 30 September 2021. The remaining actions are for Northern Trust to agree to the Framework Order Form and for the parties to sign, which for the Fund will require the Council's seal.

3.3 Review contracts for actuarial, benefits and governance consultancy services

- 3.3.1 Background: The existing separate contracts for actuarial, benefits and governance consultancy services are due to expire on 31 March 2023 with the option to extend for a further 12 months. Consideration will need to be given as to whether the separate contracts should be extended together or if it is appropriate to conduct procurements earlier to tie in with future activity required from these contracts. The procurement will be on a joint basis with the Northamptonshire Pension Fund using the National LGPS Framework.

Key milestones:

Key Milestones	Dates	On target for completion?
Decision whether to procure or extend each contract	June 2021	Completed.

- 3.3.2 Update: It was agreed at the July Committee meeting that the Actuarial Services contract would be extended by 12 months and to retender for Benefits and Governance Consultancy Services in line with the expiry of the existing contract on 1 April 2023.

3.4 Retender for pensions administration and pensioner payroll platform

- 3.4.1 Background: The Fund currently uses Aquila Heywood Ltd's Altair product as its pensions administration and payroll platform. The contract with Aquila Heywood Ltd was extended in September 2021 by a further three years to enable minimum disruption with the commencement of the Future Northants programme, the pandemic and the forthcoming work required of the age discrimination remedy (McCloud).

A competitive procurement process will need to be undertaken using the National LGPS Framework at least 18 months in advance of the end of the existing contract (September 2024) to ensure that there is sufficient time to complete a successful migration of data if a new supplier is procured.

- 3.4.2 Key milestones:

Key Milestones	Dates	On target for completion?
Obtain and complete National LGPS Framework documents	September 2022	On target
Commence procurement process	1 April 2023	On target
Award contract to successful supplier	1 October 2023	On target
Start date of contract	1 October 2024	On target

- 3.4.3 Update: No planned activity scheduled for this reporting period.

3.6 Review Business Continuity Plan

3.6.1 Background: The Business Continuity Plan (BCP) covering the Fund's governance and administration will need to be reviewed following the creation of the new unitary authority (and administering authority), West Northamptonshire Council on 1 April 2021 to ensure the arrangements previously in place remain so to support the delivery of the Pensions Service. In addition, it is now business as usual to ensure that the Fund's external suppliers such as those that provide and host the pensions administration and payroll platform, regularly supply detailed confirmation that they have satisfactorily carried out disaster recovery and penetration testing.

3.6.2 Key milestones:

Key Milestones	Dates	On target for completion?
Draft revised BCP utilising new Lead Authority (West Northamptonshire Council) BCP template	By October 2021	Rescheduled - by November 2021
Scrutiny of business continuity arrangements by the Local Pension Board	November 2021	Rescheduled to January 2022
Update the Pension Committee on business continuity arrangements.	December 2021	Rescheduled to March 2022

3.6.3 Update: The new West Northamptonshire Council business continuity template was provided to the Fund in September 2021. As the sourcing of the template took longer than initially anticipated work on the cyber resilience activity was prioritised. Work on the business continuity plan will resume once work on cyber asset mapping has concluded.

3.7 Develop the Fund's cyber-resilience strategy

3.7.1 Background: The Pensions Regulator and other industry bodies have expressed the concern that pension funds are not taking sufficient positive action to prevent themselves (including scheme members) from being victims of cyber-crime. In particular, the Regulator is concerned that LGPS Funds are relying too much on their respective administering authorities to put appropriate measures in place to protect Fund assets and data.

Work was undertaken in 2020/21 to assess the Fund's level of Cyber-Resilience through a survey conducted by a specialist cyber resilience team at Aon, the Fund's governance advisers. The survey results highlighted a number of activities to be undertaken to demonstrate improved resilience which will be undertaken during the course of 2021/22.

3.7.2 Key milestones:

Key Milestones	Dates	On target for completion?
Develop a cyber-resilience strategy and action plan.	April to June 2021	Completed

Undertake mapping of data and asset flows.	April to June 2021	In progress – expected to complete July 2021
Submit survey to higher risk suppliers to ascertain their approach to cyber-resilience. Aon's specialist cyber-resilience team to analyse survey responses and provide feedback.	April to June 2021	Survey to be issued November 2021 and responses analysed by February 2022
Pension Fund Board to provide scrutiny of cyber-resilience strategy and action plan.	July 2021	Completed
Pension Fund Committee to approve cyber-resilience strategy, incident response plan and action plan.	October 2021	On target

- 3.7.3 Update: A cyber-resilience strategy and action plan has been developed and was presented to the Pension Fund Board on 2 July 2021 for review and comment. More time is required to source a suitable survey to assess the cyber-resilience safeguards of the Fund's suppliers and so the completion of that part of the activity has been rescheduled to October 2021.

3.8 Obtain the Pension Administration Standards Association (PASA) accreditation

- 3.8.1 Background: Obtaining the PASA accreditation will demonstrate to the stakeholders of the Fund that quality operations are in place where the performance and capabilities of the administration and governance functions are in line with those of higher quality organisations providing pensions administration services. Once achieved the accreditation is granted for a three-year period subject to an annual certification process.

3.8.2 Key milestones:

Key Milestones	Dates	On target for completion?
Commence preparation and collation of assessment material.	April 2022	On target
Provide information to PASA for assessment.	March 2023	On target
Hold site visit and receive assessment results	2023/24	On target

- 3.8.3 Update: No planned activity scheduled for this reporting period.

3.9 Complete the Guaranteed Minimum Pension Rectification

3.9.1 Background: 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 was not able to commence during 2020/21 but is now ready to commence in 2021/22 but with the same anticipated completion date as previously estimated.

3.9.2 Key milestones

Key Milestones	Dates	On target for completion?
Produce project plan to rectify the member records that require amendments.	April 2021	Completed
Implement project plan.	June to December 2021	On target

3.9.3 Update: Data supplied by ITM for the rectification of records has been reviewed. The conclusions of the review have been returned to ITM and the final files are expected to be received by the end of September. Once received the files will be uploaded to the system and the rectification process will continue.

3.10 Prepare for the application of the McCloud age discrimination remedy

3.10.1 Background: As a result of the ruling in the McCloud it will be necessary for LGPS Funds to look at every affected to see if the impact of the remedy requires an amendment to the member's accrued benefits. MHCLG released a consultation in 2020/21 detailing proposed amendments to the LGPS regulations as a result of the remedy and a response to the consultation is still pending. It is understood that LGPS Funds will need to begin work on rectifying records in 2022/23 and in the meantime an exercise is required to collect data relevant to the accurate calculation of the remedy, namely, hour changes and breaks in membership, where this has not previously been provided by scheme employers.

3.10.2 Key milestones:

Key Milestones	Dates	On target for completion?
Issue data collection template to identified employers.	June 2021	Delayed – Contract agreed with Aquila Heywood. Project plan agreed targeting October 2021 template issue to scheme employers.

Work with employers to collect the data required.	June 2021 to October 2021	Rescheduled to October to December 2021
Make necessary amendments to member records for previously missing data.	June 2021 to March 2022	Still targeting completion by March 2022
Send communications to members (upon release of amended LGPS Regulations).	Expected to be April 2022 (pending guidance from MHCLG).	On target
Application of the revised underpin (following release of amended LGPS Regulations).	Expected to commence in 2022/23 (MHCLG to provide guidance on this matter, including time period within which this work will be undertaken).	On target

3.10.3 Update: An agreement has been reached between the Pensions Service and Aquila Heywood to use their template and technical resources to assist the Fund in obtaining and uploading revised member data from scheme employers. A project plan has been agreed with Aquila Heywood which has resulted in a revised timeline for this project as set out above.

3.11 Prepare for the 2022 Valuation of the Pension Fund

3.11.1 Background: Work with the Fund's actuarial advisors to develop requirements and plan for the triennial valuation of the Pension Fund. The valuation date is 31 March 2022 with results to be published by 31 March 2023 and new employer contribution rates effective from 1 April 2023.

3.11.2 Key milestones:

Key Milestones	Dates	On target for completion?
Develop valuation plan with Fund Actuary	April to June 2021	Completed
Undertake pre-valuation activities	July 2021 to March 2022	On target
Valuation of the Pension Fund	April 2022 to March 2023	On target
Triennial valuation results published	31 March 2023	On target
Implementation of revised employer contribution rates	April 2023 onwards	On target

3.11.3 Update: A plan and timeline for valuation activities has been agreed with the Actuary and key preparation activities commenced in August 2021. Activities at this stage including providing membership data to the actuary to begin data cleansing activities; contribution rate modelling for large Scheduled bodies including large Councils and the Police and Fire authorities and analysis of the results from employer covenant reviews.

3.11.4 The action plan can be found in Appendix 3 of the report.

3.12 Processing of undecided leaver records

3.12.1 Background: 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 due to 1) scheme employers not notifying the Fund that members of the scheme have left their employment 2) scheme employers providing late monthly reporting and 3) the volume of employer data that has to be queried.

The Fund will treat a case as a backlog case if it is six months or more from the date of notification by the scheme employer. Cases within six months of notification will be identified as business as usual cases. Statutory disclosure requirements are completed immediately on notification of an exit by the scheme employer.

3.12.2 Key milestones:

Key Milestones	Date	On target for completion?
Baseline volumes and develop action plan	April to June 2021	Completed
Process cases in accordance with action plan	Throughout 2021/2022	On target
Process cases in accordance with action plan	2022/2023	On target

3.12.3 Update: Work has commenced on processing status 2 cases on a regular basis in accordance with the action plan within the operations and projects teams. Regular reporting is being undertaken to appropriately monitor casework progress and to highlight any areas which need prioritising. A recruitment process is currently underway for officers within the projects team, these positions will assist with increased processing within the team to meet the requirements of the action plan going forward.

3.12.4 The number of cases identified as being older than six months as at 31 July 2021 was 8,756.

3.13 Scope and conduct potential liability reduction exercise

3.13.1 Background: 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.

3.13.2 Key milestones:

Key Milestones	Dates	On target for completion?
Conduct exercise (to review and offer refund options to members).	April 2021 to March 2022	On target
Scope exercise, formulate project plan and conduct exercise (small commutable pensions).	April 2022 to March 2023	On target

3.13.3 Update: As at 31 July 1,608 (23.72%) out of 6,781 members have been contacted and given the opportunity to claim a frozen refund. During June and July 80 members have either received a refund, transferred out or aggregated with a new record.

3.14 Implement multiple investment strategies

3.14.1 Background: With an increasing number and variety of scheme employer 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 investigate the creation of a small number of “investment buckets” into which different categories of scheme employer could be allocated.

This activity builds on the investigatory and scoping work carried out in 2020/21.

3.14.2 Key milestones:

Key Milestones	Dates	On target for completion?
Consider impact modelling by Fund Actuary.	April 2021 to May 2021	Completed
Pension Fund Committee to decide whether to proceed.	July 2021	Rescheduled to 30 September Committee
Devise and implement action plan.	August 2021 to September 2022	Contingent on above decision. Rescheduled - action plan to be devised in October 2021 with implementation up to September 2022

3.14.3 Update: A separate report and recommendation is being delivered as part of this meeting.

3.15 Conduct specific employer covenant monitoring

3.15.1 Background: Officers are working with the Fund Actuary and Price Waterhouse Cooper (PWC) to carry out covenant assessments of those employers consider to present the greatest financial risk to the Fund. This activity will involve engaging with the relevant employers to explain the process and collect information to allow PWC to carry out a covenant assessment and for the Actuary and PWC to advise on the results and appropriate actions to be taken.

3.15.2 Key milestones:

Key Milestones	Dates	On target for completion?
Issue and collect covenant monitoring questionnaire to relevant employers	April 2021 to June 2021	Completed
Issue collated responses to PWC for analysis	July 2021 to August 2021	Completed
Discuss results and next steps with the Actuary and PWC	September 2021 to October 2021	On target
Incorporate results of covenant monitoring into 2022 valuation planning	November 2021 to March 2022	On target

3.15.3 Update: Responses to the employer covenant assessment have been provided to PWC who are now analysing the results and preparing a report for discussion with officers and the Fund Actuary.

3.16 Continue development of the asset pool

3.16.1 Background: The ACCESS asset pool development is a long-term project. 2021/22 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. The Fund has additional sub-fund requirements not yet part of the ACCESS launch plan. Engagement with ACCESS partners is required to promote these requirements, including around Responsible Investment, in order to achieve timely inclusion.

Dates for completion are dependent upon the approval of the Joint Committee for creating the necessary sub-funds, FCA approval and resolution of other limiting factors. The dates reflect the targets for submission of business cases for the respective sub-funds to the asset pool.

3.16.2 Key milestones:

Key Milestones	Dates	On target for completion?
Liquid Assets – implement tranches as they arise.	2021/22 to 2022/23	On target
Illiquid Assets – Continue to support the illiquid assets pooling solution.	2021/22 to 2022/23	On target
Promote the Fund's requirements.	2021/22 to 2022/23	On target

3.16.3 Update: Link have put in place insurance to meet their obligations under the Operator Agreement, by adopting a solution which has been supported by the pool's advisers and this was noted by the ACCESS Joint Committee on 25th June 2021.

An additional sub-fund was launched in July and progress has been made to resolve operational issues with other sub-funds previously on hold. The proposed launch date for the M&G Alpha Opportunities fund in which the Fund will be investing, has been postponed from July 2021 to early November due to the need to implement additional reporting processes but primarily because the other investing authorities cannot resource

the transition into the sub-fund sooner due to conflicting priorities.

Other sub-funds requiring systems changes to be implemented by Link, their Custodian and the Depository – Northern Trust, which were originally planned for the first quarter of 2021 are delayed with a revised launch date late in October 2021.

The process to appoint an Emerging Markets equities manager is on hold until the ACCESS Joint Committee on 6th September 2021 has reviewed the findings of a report on the governance of the process and has approved the proposed next steps.

3.16.4 Illiquid assets.

The procurement for an implementation adviser went live on 9th July 2021 with members of the ACCESS Non Listed Sub Group meeting in the week beginning 9th August to review supplier responses. It is expected that it will take a number of years to complete the roll-out of all component building blocks of proposed solution (comprising the different sub-classes of Alternative assets).

3.16.5 Promoting the Fund's requirements.

Officers have been instrumental in developing a template for requesting additional sub-funds and this has been populated with the request to launch a sub-fund for the BlueBay Multi Asset Credit fund in collaboration with Northamptonshire and Hertfordshire who also have a requirement for this manager sub-fund.

3.1 Review the Fund's Responsible Investment Policy

3.17.1 Background: This continues the work undertaken in 2020/21 to revise the Fund's Responsible Investment (RI) Policy for incorporation in the Investment Strategy Statement (ISS). The revised ISS was issued for consultation during Q1 2021/22 and survey feedback will be considered by the Pension Fund Committee along with any required changes to the ISS.

The Fund will also work with its advisers, partner ACCESS funds and Link to develop a governance and reporting framework to monitor compliance with the Fund's RI Policy.

3.17.2 Key milestones:

Key Milestones	Dates	On target for completion?
Commence 30 day consultation with Fund stakeholders on the revised Investment Strategy Statement	April to June 2021	Completed
Pension Fund Committee approval of revised ISS	October 2021	Deferred to the PFC in December 2021 following a review of revised ISS by the ISC in September.

3.17.3 Update: The consultation period closed in mid-July and officers have summarised the responses. A session for members of the PFC and Local Pension Board to review responses is scheduled for 4th August 2021. A revised ISS will be presented to the ISC in September 2021 and the outcome reported to the PFC in December 2021 as there is insufficient time before the September PFC meeting to process the findings of the ISC.

3.18 Review the Property Strategy

3.18.1 Background: The Fund's Property investments comprise a multi manager mandate managed by CBRE and residential investments in the Private Rented Sector and Shared Ownership property funds managed by M&G, which mainly comprise UK based assets. A periodic review of these mandates will be undertaken, considering the underlying investment funds and their performance with a focus on the appropriateness of the allocations both geographically and by sector and the relevance of the performance benchmarks and targets. This review will include consideration of possible enhancements to the property strategy, especially considering the expected benefits falling out of the pooling agenda.

The output of the review will be used to inform the Fund's requirements from the ACCESS illiquid asset programme, the implementation of which will be dependent upon the path to migrate to the ACCESS solutions.

3.18.2 Key milestones:

Key Milestones	Dates	On target for completion?
Commence the review	October 2021	On target
Complete the review and submit report to the Investment Sub Committee	February 2022	On target
If a change to Strategic Allocation, approval by Pension Fund Committee	March 2022	On target
Communicate the Fund's requirements to the ACCESS pool	April 2022	On target

3.18.3 Update: No planned activity scheduled for this reporting period.

3.19 Review of Performance Reporting and Benchmarks

3.19.1 Background: This review will focus on the efficient measurement of the Fund's wide-ranging investment mandates in order to appropriately gauge that those mandates are delivering expected levels of return and, indeed, meeting the strategic investment needs of the Fund. The existing performance reports are comprehensive and complex, however, there is concern that they contain inappropriate benchmark comparisons and complicate effective decision-making. Wider considerations such as delivery of responsible investment requirements further impact this subject.

The sources of information for performance reporting reflect the wide-ranging number of mandates the Fund has and the quality and timeliness of information available from those sources.

This review will evaluate the strengths and weaknesses of the current report and explore options to improve the quality and clarity of reporting.

The key participants will be Officers, the Fund's consultant and Independent Adviser utilising other third parties as required, with a report on the outcome presented to Investment Sub Committee members.

3.19.2 Key milestones:

Key Milestones	Dates	On target for completion
Commence the review	April 2021	Completed
Report to the Investment Sub-Committee	November 2021	On target
Implement revised reporting	March 2022	On target

3.19.3 Update: Mercer are refreshing their initial proposal to reflect their latest performance report template. Officers will be working with Mercer to produce a proposal for consideration at the November meeting of the ISC.

4. Additional key activities for 2021/22

4.1 Review contract for specialist pensions legal services

4.1.1 Background: The existing contract for specialist pensions legal services is due to expire on 4 February 2023 with the option to extend for a further 12 months. Consideration will need to be given as to whether to extend this contract or extend for a further 12 months. The procurement will be on a joint basis with the Northamptonshire Pension Fund using the National LGPS Framework.

4.2.2 Key milestones:

Key Milestones	Dates	On target for completion?
Decision whether to procure or extend each contract	February 2022	Decision at March 2022 Committee

4.2.3 Update: No planned activity scheduled for this reporting period.

4.2 Review the Pension Regulator's revised Code of Practice

4.2.1 Background: In March 2021 the Pensions Regulator launched a consultation on its revised code of practice. The code of practice sets out how the Pensions Regulator expects LGPS Pension Committee Members, Board Members, Section 151 Officers and administrators to administer, govern and manage their pension schemes. The revised code consolidates (with updates and amendments) most of the existing 15 codes of practice providing a single up to date and consistent source of information. The revised code is expected to come into force in November 2021 from which point pension schemes have six months to demonstrate full compliance with the code.

4.2.2 Key milestones:

Key Milestones	Dates	On target for completion?
Identify revisions to the code of practice that require changes to processes, policies and strategies and produce an action plan to achieve compliance with the new requirements within six months	November/December 2021	Rescheduled to Spring 2022 due to the code of practice release date being delayed.
Present action plan to the Pension Fund Board	January 2022	2022/23
Present progress against the action plan to the Pension Fund Board and Pension Committee	June 2022/July 2022	2022/23

4.2.3 Update: No planned activity scheduled for this reporting period.

5. Relevant Fund objectives

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

6. Risk Management

6.1 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.

6.2 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	Residual risk rating
Those charged with the governance are unable to fulfil their responsibilities effectively	Green
Failure to administer the scheme in line with regulations and guidance	Green
Pension Fund objectives not defined and agreed	Green

6.3 Please see full version of the [Cambridgeshire Risk Register](#)

7. Communication Implications

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

8. Finance & Resources Implications

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

9. Legal Implications

9.1 Not applicable

10. Consultation with Key Advisers

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

11. Alternative Options Considered

11.1 Not applicable

12. Background Papers

12.1 [Annual Business Plan and Medium Term Strategy 2021/22](#)

13. Appendices

13.1 Appendix 1 – Full list of Key Fund Activities for the 2021/22 financial year.

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

13.3 Appendix 3 – 2022 Valuation Action Plan

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood 17/9/2021

Has this report been cleared by Head of Pensions? Mark Whitby 3/9/2021

Has the Chairman of the Pension Committee been consulted? Cllr Whelan 17/9/2021

Has this report been cleared by Legal Services? Amy Brown on behalf of Fiona McMillan – 10/9/2021

Appendix 1 – Full list of Key Fund Activities for the 2021/22 financial year.

Activity	Area	Period	On target for this reporting period?
Retender for strategic investment advisory services	Procurement of services	April 2021 to 31 March 2022	Yes
Re-tender for global custody services	Procurement of services	December 2020 to September 2021	Yes
Review contracts for actuarial, benefits and governance consultancy services	Procurement of services	June 2021	Yes
Re-tender for pensions administration and pensioner payroll platform	Procurement of services	September 2022 to October 2024	Yes
Added July 2021 - Review contract for specialist pensions legal services	Procurement of services	February 2022	Yes
Review Business Continuity Plan	Core services and governance activities	October 2021 to December 2021	Yes
Develop the Fund's cyber-resilience strategy	Core services and governance activities	April 2021 to October 2021	Yes
Obtain the Pensions Administration Standards Association (PASA) accreditation	Core services and governance activities	April 2022 to 2023/24	Yes
Added July 2021 – Review the Pension Regulator's revised code of practice	Core services and governance activities	November 2021 – July 2022	Yes
Complete the Guaranteed Minimum Pension Rectification	Scheme member data projects	April 2021 to December 2021	Yes
Prepare for the application of the McCloud age discrimination remedy	Scheme member data projects	June 2021 to 2022/23	Yes
Prepare for the 2022 Valuation of the Pension Fund	Scheme member data projects	April 2021 to April 2023 onwards	Yes
Processing of undecided leaver records	Scheme member data projects	April 2021 to 2022/23	Yes
Scope and conduct potential liability reduction exercises	Scheme member data projects	April 2021 to March 2023	Yes
Implement multiple investment strategies	Scheme employer projects	April 2021 to September 2022	Yes

Activity	Area	Period	On target for this reporting period?
Conduct specific employer covenant monitoring	Scheme employer projects	April 2021 to March 2022	Yes
Continue development of the asset pool	Investment related activities	2021/2022 to 2022/23	Yes
Review the Fund's Responsible Investment Policy	Investment related activities	April 2021 to October 2021	Yes
Review of Performance Reporting and Benchmarks	Investment related activities	April 2021 to March 2022	Yes

Appendix 2 – Variances against the forecast of investments and administration expenses based on original setting of assumptions (negative figures represent decrease on income and expenditure - positive figures represent increases on income and expenditure)

Fund Account	2021/22 Estimate	2021/22 Forecast	Variance	Comments
	£000	£000	£000	
Contributions	119,000	122,000	3,000	Contributions in line with current membership numbers
Transfers in from other pension funds	23,000	8,700	(14,300)	Large transfer in from Lincolnshire (£15.5m) originally projected in 21/22 but paid in 20/21
Total income	142,000	130,700	(11,300)	
Benefits payable	(113,000)	(113,000)	-	Demand led
Payments to and on account of leavers	(7,000)	(11,000)	(4,000)	
Total Payments	(120,000)	(124,000)	(4,000)	
Net additions/(withdrawals) from dealings with members	22,000	6,700	(15,300)	
Management Expenses	(4,173)	(4,168)	5	See below
Total income less expenditure	17,827	2,532	(15,295)	
Investment income	34,000	34,000	-	Actual Q1 return followed by actuarial long term growth assumption
Taxes on income	-	-	-	
(profit) and losses on disposal of investments and changes in the market value of investments	150,000	167,000	17,000	
Net return on investments	184,000	201,000	17,000	
Net (increase)/decrease in the net assets available for benefits during the year	201,827	203,532	1,705	

Management Expenses	2021-22 Estimate	2021-22 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	(2,539)	(2,582)	(43)	See below
Total Governance Expenses	(720)	(672)	48	Consultancy costs and Cllr training lower than expected as at July 2021
Total Investment Invoiced Expenses	(914)	(914)	-	
Total Management Expenses	(4,173)	(4,168)	5	

Administration Expenses Analysis	2021-22 Estimate	2021-22 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	(1,597)	(1,589)	8	
Altair administration and payroll system	(365)	(384)	(19)	Altair Insights addendum
Data projects	(49)	(76)	(27)	McCloud Change Request
Communications	(24)	(28)	(4)	
Other Non-Pay and Income	(15)	(16)	(1)	
County Council Overhead Recovery	(489)	(489)	-	TBC by the end of the financial year
Total Administration Expenses	(2,539)	(2,582)	(43)	