

Business Plan 2022/23

The following is an update on the Key Tasks/Work Plan which formed part of the agreed business plan for 2022/23.

Comments on each topic are contained within the table. For the amber items, this represents that these activities are yet to commence, but these activities are scheduled to take place over multiple quarters:

Governance

Task	2021/22	2022/23			
	Q4	Q1	Q2	Q3	Q4
Review of Risk Register	✓	✓	✓ - on agenda		
Approval of External Audit Plan		✓			
Implement outcomes of the Funds Governance Review	✓	✓	✓ - operating to workplan		
Review and approve Business Plan	✓				
Annual review against The Pensions Regulators Code of Practise	✓ - on the 2022/23 business plan				
Approval of audited Fund accounts			✓ - draft accounts on agenda. Audit ongoing		
Approval of Annual Report					
Review Policy Statements	✓		✓ - on agenda		
Training Needs Analysis					
Review Breaches log	✓	✓	✓ - confirmation on agenda		
Monitor employer activity	✓	✓	✓ - on agenda		

Funding

Task	2021/22	2022/23			
	Q4	Q1	Q2	Q3	Q4
Review of ongoing funding position	✓	✓	✓ - on agenda		
Cash flow modelling				<i>To be delivered earlier</i>	
Review the Funding Strategy Statement			✓ - on agenda. Brought to Committee 1 quarter earlier		

Investment Management

Task	2021/22	2022/23			
	Q4	Q1	Q2	Q3	Q4
Monitor Fund Performance	✓	✓	✓ - on agenda		
Responsible Investment Reporting		✓			
Review the Funds Investment Strategy Statement		✓	✓ - on agenda		
Review the Funds Responsible Investment Policy					
Review the recommendations of the Taskforce for Climate-related Financial Disclosure (TCFD) and requirements for UK Stewardship code signatory status	✓ - on the 2022/23 business plan	x – awaiting consultation from DHLUC	✓ - consultation on agenda. Workshop to be arranged to provide response		


Administration

Task	2021/22	2022/23			
	Q4	Q1	Q2	Q3	Q4
Issue Annual Benefit Statements to active and deferred members			✓ - completed		
P60's distributed to pensioner members		✓ - completed			
Recruitment of agreed additional resources		✓	✓ - ongoing		
Annual pension in payment and CARE accrual increase exercise		✓ - completed			
Annual submission of HMRC Event report	✓ - completed				
Issue notices to employees for breaches of HMRC Annual Allowance limits					
Provision of data to actuary to produce financial accounting required for employer accounts		✓	✓ - completed		
Reconciliation of membership data for all employers	✓	✓	✓ - ongoing with 1 remaining employer		
Review and correct data errors			✓ - ongoing		
Process and reconcile membership pay and contribution data for year end		✓	✓ - ongoing		
Data quality assessment for the Pensions Regulator			✓ - completed		

Core Projects for 2022/23

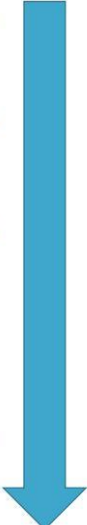
1) 2022 Actuarial Valuation and associated tasks																	
What is it?																	
<p>It is the formal actuarial valuation of the Fund detailing the solvency position and other financial metrics. It is a legal requirement of the LGPS Regulations. It determines the contribution rates payable by the employers to fund the cost of benefits and make good any existing shortfalls as set out in the separate Funding Strategy Statement. This is considered in conjunction with an employer risk management assessment. The exercise will include cash flow projections that can be used to prepare the Funds cash management and investment strategy.</p>																	
Timescales and Stages																	
Effective date 31 March 2022																	
Initial whole Fund results (expected) 2022/23 Q2																	
Individual Employer results (expected) 2022/23 Q3																	
Deadline for agreement of all contributions and sign-off 31 March 2023																	
Resource and Budget Implications																	
<p>The exercise will be performed by the Funds Actuary and it will determine contribution requirements for all participating employers from 1 April 2023. It is a major exercise for the Fund and will take considerable resource from the Administration and Finance teams over 2022/23. Employers will be formally consulted on the funding strategy as part of the process. The Fund Actuary's costs in relation to this exercise are included in the 2022/23 budget.</p>																	
Current Status																	
Current activity																	
<h3>Work completed so far</h3> <table border="0"> <tr> <td style="vertical-align: top;">December 2021</td> <td style="vertical-align: top;">Proposed funding strategy for all employers agreed</td> <td></td> </tr> <tr> <td style="vertical-align: top;">January 2022</td> <td style="vertical-align: top;">Pre-valuation communication with stabilised employers</td> <td rowspan="3" style="vertical-align: middle;">} Communications tailored for each relevant group</td> </tr> <tr> <td style="vertical-align: top;">February 2022</td> <td style="vertical-align: top;">Pre-valuation communication with closed employers</td> </tr> <tr> <td style="vertical-align: top;">March 2022</td> <td style="vertical-align: top;">Pre-valuation communication with academies Pre-valuation communication with contractors</td> </tr> <tr> <td style="vertical-align: top;">3 March 2022</td> <td style="vertical-align: top;">Valuation assumptions agreed by Committee</td> <td></td> </tr> <tr> <td style="vertical-align: top;">31 March 2022</td> <td style="vertical-align: top;">Contribution rate modelling for stabilised employers: discussed with Fund</td> <td></td> </tr> </table>		December 2021	Proposed funding strategy for all employers agreed		January 2022	Pre-valuation communication with stabilised employers	} Communications tailored for each relevant group	February 2022	Pre-valuation communication with closed employers	March 2022	Pre-valuation communication with academies Pre-valuation communication with contractors	3 March 2022	Valuation assumptions agreed by Committee		31 March 2022	Contribution rate modelling for stabilised employers: discussed with Fund	
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Work completed so far



June 2022	<ul style="list-style-type: none">Recommended contribution rate strategies shared with stabilised employersPre-valuation communication with Town and Parish CouncilsPre-valuation communication with FE/HE bodiesPre-valuation communication with other Scheduled Bodies
July 2022	<ul style="list-style-type: none">Formal valuation data submitted by the FundContribution rate strategies agreed by stabilised employers
August 2022	<ul style="list-style-type: none">Initial whole Fund results shared with the FundDraft Funding Strategy Statement and policies shared and discussed with the Fund
September 2022	<ul style="list-style-type: none">Initial whole Fund results reported to CommitteeHeadline changes to the Funding Strategy Statement reported to CommitteeDraft employer contribution rates shared with the Fund

Next steps



October 2022	<ul style="list-style-type: none">Funding strategy for employer groups to be finalisedProposed contribution rates to be finalised with the Fund
November 2022	<ul style="list-style-type: none">Contribution rates to be shared with employersCommence Funding Strategy Statement Consultation
December 2022	<ul style="list-style-type: none">Employer contribution rates reported to CommitteeEmployer forum to be heldIndividual meetings with employers offered if required
March 2023	<ul style="list-style-type: none">Sign off of final valuation results and Funding Strategy Statement
by 31 March 2023	<ul style="list-style-type: none">Final valuation report and Rates and Adjustments certificate issued

2) Review pensions administration system contract

What is it?

The Fund has a contract with Aquila Heywood in relation to their Altair administration system which expires in 2023. The Fund have access to the LGPS National Frameworks, which includes a framework for pensions administration systems. It is envisaged that the Fund would make use of this framework.

Should a new software supplier be appointed, there will be a significant amount of work required to migrate to the new system.

Timescales and Stages

Finalise national framework for pensions administration system 2020/21 Q1

Conduct tender for CPF administration system 2022/23 Q2 to Q4

Transition to new administration system if required June 2023

Resource and Budget Implications

To be led by the Head of Pensions and Pension Administration Manager. If transition to a new system is required, there are likely to be significant transition costs and the ongoing cost for systems included in the 2022/23 budget will probably change.

Current Status

Current Activity

Project planning initiated with GCC procurement team

1. Business case being prepared regarding internal signing off process
2. Access to LGPS national framework confirmed possible, if required
3. High level project plan in draft mode.

Target completion for steps 1 & 3 - 30 November 2022.

3) Pensions Dashboard (including a Data Improvement Strategy)

What is it?

The Pensions Dashboard is a Government initiative first announced in the Budget 2016. The idea behind the Dashboard is to allow all pension savers in the UK access to view the values of all of their pension pots, including state pension, through one central platform. A consultation was undertaken by Government in early 2019 which sought views on the potential phasing of the introduction of the pensions dashboards as well as how the architecture, funding and governance arrangements would work. The legislative requirements to participate in the Pension Dashboard for schemes (including public sector schemes) was launched by DWP in February 2022. The actual timescales that will apply to public sector pension schemes are not yet known so the timescales below are estimated. However, in preparation for this, the Fund will embark on producing a Data Improvement Strategy and plan.

Timescales and Stages

Data Improvement Strategy 2022/23 Q2 to Q3

Data Improvement Plan 2022/23 Q4

Potential Pension Dashboard launch 2023/24

Resource and Budget Implications

The Data Improvement Strategy and Plan will be led by the Head of Pensions and the Pensions Administration Manager. Resource and budget implications cannot be determined until more detail is available, especially around the Pensions Dashboard.

Current Status

Current Activity

Not yet commenced

4) McCloud

What is it?

The McCloud case has highlighted that the introduction of the new CARE schemes for Firefighters and Judges in April 2015 were unlawful. This impacts on other public service pension schemes including the LGPS where the new CARE scheme from April 2014 included a statutory underpin for older members. Remedies are being worked through by Government to remove the inequality in the schemes, which will result in changes to scheme benefits some of which will be retrospective. From an administrative perspective the impact of McCloud will result in a change to how benefits are calculated for a large number of scheme members including members who have left. This is likely to significantly impact on administration process and systems as well as requiring a robust communication exercise with employers and scheme members. The additional resource/system requirements are likely to be significant. The remediation is subject to a Public Service Pensions and Judicial Offices Bill, which is currently laid before parliament.

Timescales and Stages

McCloud planning/impact analysis 2022/23 Q1 ongoing

Timescales will be updated as more information becomes available.

Resource and Budget Implications

It will impact across all of the Administration Team. No estimated allowance for additional resource has been included in the 2022/23 budget at this time. Support from the pensions administration software provider is likely to require additional budget is also likely to be needed in future years as the impact is realised.

Current Status

Current Activity

Public Service Pensions and Judicial Offices Bill now laid in statue.

Awaiting further guidance from DHLUC on the implementation of the bill in respect of LGPS.