

## 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 provided. Audit ongoing	✓ - Audit opinion on agenda.	
Approval of Annual Report				✓ - on agenda	
Review Policy Statements	✓		✓	✓ - ISS on agenda	
Training Needs Analysis				✓ - Assessment undertaken. Results due in Q4	
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				✓ - on agenda. Ahead of schedule	
Review the Funding Strategy Statement			✓-Brought to Committee 1 quarter earlier	✓ - Consultation with stakeholders undertaken	

## Investment Management

Task	2021/22	2022/23			
	Q4	Q1	Q2	Q3	Q4
Monitor Fund Performance	✓	✓	✓ - on agenda	✓ - on agenda	
Responsible Investment Reporting		✓		✓ - on agenda	
Review the Funds Investment Strategy Statement		✓	✓	✓ - on agenda	
Review the Funds Responsible Investment Policy				✓ - activity commenced with workshop in Q3	
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	✓ - Response to TCFD consultation completed. Workshop undertaken in Q3	

## 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				✓ - Completed	
Provision of data to actuary to produce financial accounting required for employer accounts		✓	✓	✓ - Completed	
Reconciliation of membership data for all employers	✓	✓	✓	✓ - ongoing	
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

<b>1) 2022 Actuarial Valuation and associated tasks</b>	
<b>What is it?</b> 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.	
<b>Timescales and Stages</b> 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	
<b>Resource and Budget Implications</b> 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.	
<b>Current Status</b>	
<b>Current activity</b>	

## Work completed so far

<b>December 2021</b>	Proposed funding strategy for all employers agreed
<b>January 2022</b>	Pre-valuation communication with stabilised employers
<b>February 2022</b>	Pre-valuation communication with closed employers
<b>March 2022</b>	Pre-valuation communication with academies Pre-valuation communication with contractors
<b>3 March 2022</b>	Valuation assumptions agreed by Committee
<b>31 March 2022</b>	Contribution rate modelling for stabilised employers: discussed with Fund

## Work completed so far

<b>June 2022</b>	Recommended contribution rate strategies shared with stabilised employers Pre-valuation communication with Town and Parish Councils Pre-valuation communication with FE/HE bodies Pre-valuation communication with other Scheduled Bodies
<b>July 2022</b>	Formal valuation data submitted by the Fund Contribution rate strategies agreed by stabilised employers
<b>August 2022</b>	Initial whole Fund results shared with the Fund Draft Funding Strategy Statement and policies shared and discussed with the Fund
<b>September 2022</b>	Initial whole Fund results reported to Committee Headline changes to the Funding Strategy Statement reported to Committee Draft employer contribution rates shared with the Fund

# Work completed so far and next steps



<b>October 2022</b>	<ul style="list-style-type: none"> <li>Funding strategy for employer groups finalised</li> <li>Proposed contribution rates finalised with the Fund</li> <li>Contribution rates shared with employers</li> <li>Pre-payment of contribution calculations shared with the Councils</li> <li>Funding Strategy Statement consultation commenced</li> </ul>
<b>November 2022</b>	<ul style="list-style-type: none"> <li>Cashflow modelling carried out at whole Fund level</li> <li>Funding Strategy Statement (including updated policies) consultation closed (25<sup>th</sup> November)</li> </ul>
<b>December 2022</b>	<ul style="list-style-type: none"> <li>Individual meetings with employers offered if required</li> </ul>
<b>January - February 2023</b>	<ul style="list-style-type: none"> <li>Ongoing discussions between the employers, the Fund and the Actuary regarding contribution rates (if required)</li> </ul>
<b>March 2023</b>	<ul style="list-style-type: none"> <li>Sign off of final valuation results and Funding Strategy Statement</li> </ul>
<b>by 31 March 2023</b>	<ul style="list-style-type: none"> <li>Final valuation report and Rates and Adjustments certificate issued</li> </ul>

## 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. Target completion by 31 January 2023

2. Access to LGPS national framework confirmed possible, if required. - Completed
3. Full business case with proposals is currently being prepared for consideration in accordance with the internal process identified in Step 1 by 28 February 2023.

### 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

We have commenced the Pensions Dashboards Readiness Assessment. The output from this exercise, will provide summary results that will help us understand the quality of our data and what actions we need to take to get ready for Pensions Dashboards.

The summary results will include a score for each of the following areas:

- 'Find' data:
  - Checks on potential matching fields (name, date of birth, address) to determine whether the data you hold is present, valid and accurate
  - Checking for members which would currently be duplicate matches
  - Checking for undecided leavers and frozen refunds

- 'View' data:
  - Check that employment data is available to be returned to the Pensions Dashboards for each member employment
  - Check that Accrued Retirement Income is available for each member employment
  - Check that Estimated Retirement Income is available for each member employment

This assessment will be used to inform the data improvement strategy and plan, which also forms part of the governance work plan.

#### 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.