

# Gloucestershire Pension Fund

## Business Plan 2024-25

### Version Control

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## **Introduction**

This is the Business Plan for the Gloucestershire Pension Fund, which is managed and administered by Gloucestershire County Council. The Business Plan details our priorities and areas of key focus in relation to the Fund for 2024/25. The Business Plan is formally reviewed and agreed every year. However, throughout the year it is monitored by officers, and as a result the Pensions Committee may be asked to agree changes to it.

The purpose of the Business Plan is to:

- explain the background and objectives for the management of the Gloucestershire Pension Fund
- document the priorities and improvements to be implemented by the Pension Fund over the next year to help achieve those objectives
- enable progress and performance to be monitored in relation to those priorities
- provide stakeholders with a clear vision

In addition, this Business Plan includes a budget for expected operational payments from the Gloucestershire Pension Fund over the period, including the resources required to manage the Fund.

## **Background to the Gloucestershire Pension Fund**

The Gloucestershire Pension Fund is a c£3.111bn Local Government Pension Scheme, which provides death and retirement benefits for local government employees (other than teachers, police and firefighters) in Gloucestershire and employees of other qualifying bodies which provide similar services. Total membership as at 31 March 2023 was 59,711 members consisting of 19,603 active, 21,096 deferred and 19,012 retired (pensioner/dependant) members. There are 222 active employer bodies in the Fund.

## **Governance and management of the Fund**

The Pension Committee is responsible for the proper administration of all aspects of the Fund and has been delegated this authority by the County Council, as Administering Authority of the Fund.

The Pensions Committee's principal aim is to carry out the functions of Gloucestershire County Council as the Scheme Manager and Administering Authority for the Gloucestershire Pension Fund in accordance with the LGPS regulations and any other relevant legislation.

In its role as the administering authority, Gloucestershire County Council owes fiduciary duties to the employers and members of the Gloucestershire Pension Fund and must not compromise this with its own particular interests. Consequently, this fiduciary duty is a delegated responsibility of the Pensions Committee and its members must not compromise this with their own individual interests

In addition to the Pensions Committee, a Local Pension Board ("LPB") is in place to assist in:

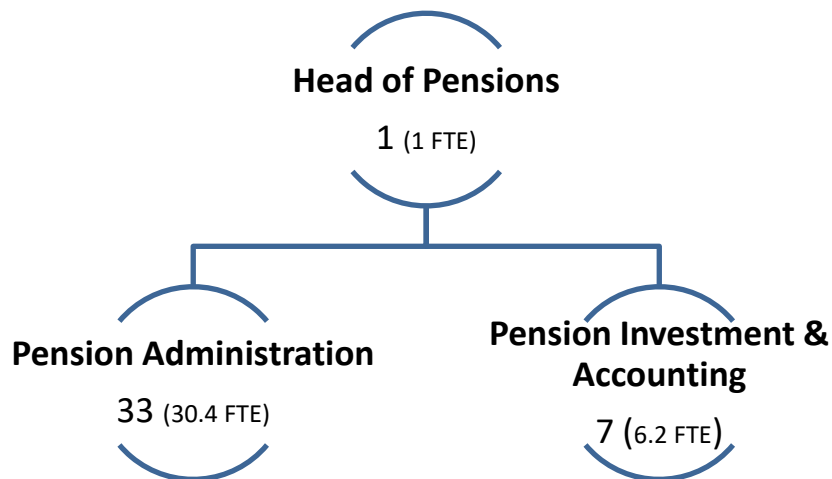
- securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS
- to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator
- secure the effective and efficient governance and administration of the LGPS for the Gloucestershire Pension Fund

### The Pension Fund Team

The Pension Fund is managed by the Head of Pensions, who is supported by two sections:

- The Pension Administration Section which is responsible for the day to day administration of pension benefits and is headed by the Pension Administration Manager. The team delivers a pensions service to 59,711 scheme members and 222 Employers as at 31 March 2023. This includes the calculation of various benefits, transfers in and out, refunds and maintenance of individual records. The team also implements and maintains the pension software systems, reconciles employer records, and oversees a pensioner payroll service for approximately 19,012 pensioners, survivors and dependents.
- The Pension Investment Section which is responsible for accounting, investment and governance matters is headed by the Pension Investment & Accounting Manager. The section is responsible for day to day accounting, production of the Annual Accounts and production of the Annual Report. Additionally, the section is responsible for all investment matters of the Fund, including implementing the Fund’s responsible investment approach, monitoring and managing of the fund managers and the c£3.111bn of assets (as at 31 March 2023). The Pension Investment Section is also responsible for overseeing the pooling of the Fund’s assets with eight other LGPS Funds, and the Environment Agency, into the Brunel Pension Partnership.

The team structure, as agreed by Committee is outlined below:



Officers, the Pensions Committee and the Local Pension Board are supported by a range of specialist consultants, suppliers and fund managers. The Fund’s Independent Adviser is John Arthur from Apex Group, Actuary is Julie West from Hymans Robertson, LGPS Pool is Brunel and custodian is State Street. The Fund also utilises other professional services as required, on specific issues, from organisations such as, but not limited to, Aon, Mercers, Redington and Osborne Clarke.

## Aims and Objectives for the management of the Fund

Our Primary Objectives are:

- Administer pension benefits in accordance with the LGPS Regulations 2013 (as amended);
- To achieve and maintain an appropriate funding level;
- Ensure there are sufficient liquid resources available to meet the Funds liabilities and commitments; and
- To maintain as stable as possible, required employer contribution rates.

Our key strategies and policies which guide the management of the Fund are listed below and can be found on our website at <https://www.gloucestershire.gov.uk/council-and-democracy/pensions/local-government-pension-scheme-lgps/finance-and-investments/>

Policy	Last approved	Next review due by
Cash Management Strategy	February 2024	April 2025
Cessation	March 2023	March 2026
Communication Policy Statement	August 2018	June 2023
Conflicts of Interest	September 2021	September 2024
Contribution Reviews	March 2023	March 2026
Funding Strategy Statement	March 2023	March 2026
Governance Compliance Statement	September 2022	September 2024
Governance Policy Statement	September 2022	September 2024
Investment Strategy Statement	December 2022	March 2026
Pension Administration Strategy	April 2017	June 2023
Pre-Payment of Contributions	March 2023	March 2026
Reporting Breaches of the Law	December 2021	December 2024
Risk Management	December 2021	December 2024
Statement of Administering Authority Discretions	February 2024	February 2027
Training Strategy	April 2021	April 2024

The key activities and areas of focus in our Business Plan are grouped into the areas of governance, funding, investment management, training & skills and administration, to align with the key aims and objectives of these strategies and policies. These aims and objectives are summarised below.

### **Governance**

- Act in the best interests of the Fund's members, employers and the overall Fund.
- Strive to ensure compliance with the appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance
- Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
- Have robust governance arrangements in place to facilitate informed decision making, supported by appropriate advice, policies and strategies

### **Funding**

- Achieve and maintain assets appropriate to the level of liabilities, whilst remaining within reasonable risk parameters
- Determine employer contribution requirements, whilst recognising the constraints on affordability and strength of employer covenant, with the aim being to maintain as predictable an employer contribution rate requirement as possible
- Minimise unrecoverable debt on employer termination
- Ensure net cash outgoings can be met as/when required

### **Investment Management**

- Ensure that its future strategy, investment management actions, governance and reporting procedures take full account of longer-term risks and sustainability
- Strike the appropriate balance between long-term consistent investment performance, responsible investment and the funding objectives
- Recognising the constraints on affordability for employers, aim for sufficient excess investment returns relative to the growth of liabilities
- To be a good steward with our assets, as the Fund believes that sound corporate governance contributes to long-term value for our members.
- To ensure that ESG considerations are taken into account as part of funding and investment strategy setting
- Understand the metrics around sustainable investments and being able to demonstrate these

### **Training & Skills**

- Ensure the Fund is managed, and its services delivered, by people who have the appropriate knowledge and expertise
- Ensure the Fund is effectively governed and administered
- Ensure decisions are robust, are well founded and comply with regulatory requirements and guidance from the Pensions Regulator, the Scheme Advisory Board and the Department for Levelling Up, Housing and Communities (DLUHC)
- Ensure officers responsible for accounting consider and implement CIPFA/SAB guidance
- Share feedback from Conferences and networking events
- Undertaking of an Annual Knowledge & Skills assessment by Committee members, Board members and Officers to identify training requirements.

## **Administration**

- Provide a high quality, professional, proactive, timely and customer focused administration service to the Fund's stakeholders
- Administer the Fund in a cost effective and efficient manner utilising technology appropriately to obtain value for money
- Support the Fund's employers to be aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Fund
- Ensure the correct benefits are paid to, and the correct income collected from the correct people, at the correct time
- Maintain accurate records and ensure data is protected and has authorised use only
- Provide information on the Scheme as a valuable benefit and provide sufficient information so members can make an informed decision about their benefits
- Communicate in a clear and concise manner
- Ensure we use the most appropriate means of communication, taking into account the different needs of different stakeholders
- Regularly evaluate the effectiveness of communications and shape future communications appropriately

## **Ongoing Activities**

The key activities section of the Business Plan highlights what our key tasks are for the next 2 to 3 years. This focusses on areas of change and project like tasks which are in addition to our day to day "ongoing activities". On a day to day basis our focus is on the following key elements:

- Paying pension benefits to beneficiaries, as prescribed by the LGPS regulations
- Communicating with our scheme members about their membership of the Fund
- Ensuring we receive all the pension contributions paid by active members of the Fund, as prescribed by the LGPS regulations
- Ensuring all the employers in the Fund pay their pension contributions
- Safeguarding the Fund's assets
- Investing any Fund assets that are not currently needed to pay benefits
- Working with the actuary so, over the valuation cycle, a determination can be made as to how much employers need to pay into the Fund to ensure we have enough money to pay pension benefits in the future

Managing this on a day to day basis involves a wide range of processes and procedures, some of which are outlined below, and all of which have been designed around achieving our Fund's objectives as outlined in our strategies and policies. The pension fund is large, complex and highly regulated. As such, these processes and procedures require expert knowledge and experience from both officers and external advisors in several diverse areas, as illustrated below.

## **Governance**

- Setting the agenda, reporting and presenting to the Pensions Committee and Local Pension Board
- Implementing and monitoring the achievement of other areas of governance such as the Training Strategy, Breaches Policy and The Pension Regulator's Code of Practice
- Review on Risk Framework and setting risk appetite and reviewing risks regularly
- Procurement of and payment for advisers and other services
- Assisting internal and external audit in their role
- Replying to Freedom of Information requests in adherence with statutory time limits

## **Accountancy**

- Preparing and publishing the Fund's Annual Report
- Completing the Annual Accounts and assisting external auditors
- Preparation and monitoring of the Annual Budget
- Preparation of statutory and non-statutory returns as required
- Cash flow monitoring to ensure liquidity of the Fund
- Monitoring of income and expenditure including employer and scheme member contributions
- Cashflow monitoring to ensure liquidity of the Fund
- Invoices are sent in a timely manner

## **Funding**

- Agreeing the funding strategy with the actuary, consult with employers, and monitoring continued appropriateness annually
- Assisting the actuary with the Actuarial Valuations by providing membership data and presenting results and explanations to employers of future employer contributions and deficit payments
- Arranging actuarial data required by the Government Actuary Department ("GAD")
- Monitoring the employer's covenant including their ability to pay contributions and managing any employers who wish to join or leave the Fund

## **Investments**

- Carrying out a review of the investment strategy at least every three years to coincide with the triennial actuarial valuation
- Appointing, monitoring and dismissing of fund managers, including within a pooling environment
- Monitoring and reporting on investment performance in collaboration with the investment advisor
- Monitoring and implementation of the strategic asset allocation decisions
- Annual objective setting for the Funds Independent Investment Advisor
- Working with other LGPS funds and the Environment Agency to pool investments through our role within the Brunel Pension Partnership (see below)
- Setting investment advisors objectives
- Monitoring and engaging with our fund managers on their responsible investment approach
- Responsible investment and ESG reporting on the Fund's investments for different asset classes and strategies.
- Collaboration with responsible investment initiatives to which the Fund is a member/supporter, such as TPI, IIGCC and LAPFF

## **Brunel Pension Partnership Oversight**

- Participation in the Oversight Board and Client Group of the Brunel Pool
- Assessment and analysis of the performance of Brunel portfolios in which the Fund is invested
- Monitoring the service level agreements and that key performance indicators are being met
- Monitor Brunel provides value for money

## **Administration**

- Providing ongoing information to scheme members and their beneficiaries as they join, leave or change their status in the Fund, within statutory timescales
- Calculating and notifying entitlement to retirement, leaving and death benefits
- Processing transfers into and out of the Fund

- Providing quotations of retirement benefits including any additional costs to employers
- Providing information on how scheme members can increase their pension benefits
- Providing information to relevant parties in respect of divorce proceedings
- Maintaining accurate scheme member records
- Maintaining the Fund’s Internal Dispute Resolution Procedure
- Maintaining and updating the pensions software system
- Monitor and providing information on key performance indicators
- Extracting and forwarding data to the Fund actuary to track membership changes for employer mergers and TUPE transfers
- Reporting and making payments to HMRC
- Processing bulk updates to data relating to employer year end returns
- Providing information to employers and members via relevant communication channels
- Providing new employers with information about their Fund responsibilities
- Providing ongoing support and technical updates to employers

## **Key Challenges and Influences**

We are expecting 2024 to remain a busy year in the world of pensions.

On investment perhaps the biggest LGPS story of 2023 was the government consultation launched in July. This was quickly followed with a response in November, setting out the guidance to be drafted or adapted on the areas addressed, including pooling, Levelling Up and private equity and additional reporting requirements. We now await further guidance and the key details of what will be included.

Strong funding level appreciation has driven a stable funding outcome post the 2022 actuarial valuation cycle. Despite falling gilt yields in early 2024 there remains a clear opportunity for the Fund to review its risk appetite.

Equities remain an important source of growth, but is our equity risk appropriate? By reducing our strategic allocation and increasing diversification via opportunities and a genuine portfolio construction “addition” such as Nature Based Solutions, will it be appropriate for the risk distribution.

Compliance with the Pensions Regulator’s General Code of Practice that is expected to go live on 27 March will obviously be a key deliverable for the Fund. Until the analysis on current compliance has been checked the impact of this is not yet known.

With the next triennial valuation quickly approaching in 2025, a new economic landscape is taking shape which brings a new funding era of surpluses. In the past, funding focused on dealing with deficits but the Fund is currently in a very different place which will require careful consideration of the long term risk v return strategy. Employer engagement as we enter the next valuation cycle will be key to the successful delivery of the 2025 valuation.

McCloud remains the biggest single issue for administration with most of the legislation now on the books we are expecting DLUHC’s statutory guidance to arrive soon.

The government has reset the clock on The Pensions Dashboard and the expectation is that public service schemes will have until September 2025 to connect.

There is the expectation for a few consultations on a few administrative issues that have been awaiting resolution for a while. And finally, there are still noises that restrictions on exit caps are still on the cards.



## Budget

The proposed budget for 2024/25 is detailed in the following table which also provides comparison with the 2023/24 budget:

Gloucestershire Pension Fund - Proposed Budget 2024-25				
	Revised Budget 2023-24	Proposed Budget 2024-25	In Year Change	Percentage Change
	£ 000	£ 000	£000	%
<b>Administrative Expenses</b>				
Staff Costs	1,513	1,583	70	4.6%
Premises	75	75	-	0%
IT	500	600	100	20.0%
Supplies & Services	400	412	12	3.0%
Other Central Costs	85	110	25	29.4%
<b>Total Administrative Expenses</b>	<b>2,573</b>	<b>2,780</b>	<b>207</b>	<b>8.1%</b>
<b>Oversight &amp; Governance Expenses</b>				
Staff Costs	251	262	12	4.6%
Audit Fees	65	95	30	46.2%
Actuarial Fees	300	320	20	6.7%
Pension Committee/Board	40	40	-	0.0%
Performance Monitoring Service	135	135	-	0.0%
Investment Consultancy	150	150	-	0.0%
Other Professional Fees	150	150	-	0.0%
<b>Total Oversight &amp; Governance Expenses</b>	<b>1,091</b>	<b>1,152</b>	<b>62</b>	<b>5.6%</b>
<b>Income</b>				
Recoveries for services provided	-100	-120	-20	20.0%
<b>TOTAL IN HOUSE COSTS</b>	<b>3,564</b>	<b>3,812</b>	<b>249</b>	<b>7.0%</b>
<b>Budgeted Investment Management Expenses</b>				
Brunel Contract Costs	1,260	1,362	102	8.1%
Custody Fees	75	80	5	6.7%
Tax & Legal Costs	25	25	-	0.0%
<b>Total Budgeted Investment Management Expenses*</b>	<b>1,360</b>	<b>1,467</b>	<b>107</b>	<b>7.9%</b>
<b>TOTAL PENSION FUND BUDGET</b>	<b>4,924</b>	<b>5,279</b>	<b>356</b>	<b>7.2%</b>
<p><b>* Additional Portfolio Investment management fees and related costs</b>            Due to the nature of additional management fees and associated costs being linked to asset valuations, performance and transactions undertaken, they are very difficult to predict and budget for. Whilst these costs are not included within the above budget, they are however, fully reconciled and monitored and are reported to Committee separately as part of the Year end reporting process.</p>				

## **Delivering the Business Plan**

### **Monitoring and Reporting**

In order to identify whether we are meeting our agreed Business Plan we will:

- continue to monitor progress of the key priorities and the agreed budgets on an ongoing basis
- provide updates on progress against these key priorities on a regular basis to the Pensions Committee, which will be shared with the Local Pension Board
- as part of these updates:
  - highlight any areas where we are exceeding or failing to achieve our targets and the reasons why and, as a result, identify any changes to the planned priorities

### **Risks**

The risk management policy and the detailed Risk Register of the Fund matches high level risks, under each of the areas of activity, to the Fund's high-level objectives:

- Funding and investment risks
- Operational and regulatory risks
- Governance risks

Each of the detailed risks under these categories has been given a target risk score based upon impact and likelihood. These risks are then monitored against the target risk. Changes to the level of risk are reported at each Committee meeting.

The next few years will remain challenging for those involved in the governance, management and operation of the Fund. The risks documented in the Risk Register will be reviewed and updated every quarter for presentation to Committee. The Fund's Business Plan has been completed to ensure that all our known risks are being managed and resourced.

## Training Plan

The Fund has an agreed training policy in place to aid the Pensions Committee members, Local Pension Board members in performing and developing personally in their individual roles, with the ultimate aim of ensuring that the Gloucestershire Pension Fund is managed by individuals who have the appropriate levels of knowledge and skills.

A high-level training plan will be established based upon the results and recommendations from the National Knowledge and Skills (NKA) that will be undertaken by members of the Committee and Board in accordance with the training policy in March 2024. An indicative schedule of delivered sessions and other information sessions is detailed below:

Title of Session	Timescale	Audience	Delivery method
Core Topic: To be identified from the Knowledge & Skills assessment.	May 2024	Pensions Committee, Local Pension Board and Officers	Virtual
Gloucestershire Pension Fund Annual Meeting (Half day)	May 2023	Pensions Committee, Local Pension Board and Officers	In Person
PLSA Local Authority Conference, Cotswold Water Park	June 2024	Pensions Committee, Local Pension Board and Officers	In Person
Core Topic: To be identified from the Knowledge & Skills assessment.	July 2024	Pensions Committee, Local Pension Board and Officers	Virtual
Core Topic: To be identified from the Knowledge & Skills assessment.	October 2024	Pensions Committee, Local Pension Board and Officers	Virtual
Core Topic: To be identified from the Knowledge & Skills assessment.	February 2025	Pensions Committee, Local Pension Board and Officers	Virtual
Brunel Pension Partnership Investor Day	TBC	Pensions Committee, Local Pension Board and Officers	Virtual or In Person
LGA Governance Conference	TBC	Pensions Committee, Local Pension Board and Officers	Virtual or In Person
CIPFA Pension Audit & Accounting workshop	TBC	Officers	Virtual or In Person
LGA Fundamentals Training	As required	Pensions Committee, Local Pension Board	Virtual or In Person
Hymans Online Learning Academy (LOLA)	As Required	Pensions Committee, Local Pension Board and Officers	Virtual

The training plan for 2024/25 will aim to be delivered via various different methods and will be delivered independent of the Committee and Board meetings.

Other training opportunities and conferences will be made identified and offered to Committee and Board members as appropriate.

## Core Projects for 2024/25

### 1) TCFD reporting

#### What is it?

TCFD - The Taskforce on Climate-related Financial Disclosures (TCFD) was commissioned in 2015 by Mark Carney in his remit as Chair of the Financial Stability Board. In 2017 the TCFD released its recommendations for improved transparency by companies, asset managers, asset owners, banks, and insurance companies with respect to how climate-related risks and opportunities are being managed.

The Fund will be required to report on specific metrics in relation to climate data, but clarity on the regulatory timelines from Government is awaited. In recognition of the importance of this area, the Fund is committed to be early adopters and intend to produce its first TCFD report in 2024. This will be an essential tool for the Fund in monitoring its performance in reducing its carbon footprint and meeting its net zero aspirations as detailed within the Fund's responsible investment policy, which was provisionally approved by the Pension Committee in December 2023 for member consultation, with a view to final approval in June 2024.

#### Timescales and Stages

Effective TCFD reporting period: 1 April 2023 - 31 March 2024

Included into Annual Report published on or before 1 December 2024

#### Resource and Budget Implications

Following the provisional approval of the draft responsible investment policy, the key metrics, aligned to the TCFD requirements have now been identified. The reporting framework around these metrics will be reviewed together with the impact on team resources in developing this further. The commissioning of professional services may be required in order to assist in the production of the report by the December 2024 deadline. Provision for these costs has been included within the 2024/25 accordingly.

## 2) Transformational Member Experience (TME)

### What is it?

As part of the Fund's procurement exercise for a pensions administration system, the Fund has agreed to purchase a new member self-service portal called TME, which is a product of our software provider Heywood Pension Technologies. The TME portal interacts instantaneously with our core administration system, allowing members to see a snapshot of their data at any given point in time, to securely make changes themselves to their personal details and receive documentation electronically (such as annual benefit statements), saving the Fund time and money and reducing paper, amongst many other benefits such as providing estimating or forecasting information. Furthermore, as a by-product of signing members up to this portal, the Fund will also have the benefit of building up a large bank of member email addresses which enables a fast and cost-effective way to communicate with members (for example, through surveys, highlighting changes to the scheme or service etc).

### Timescales and Stages

As at the time of writing, the final contract terms are still being finalising and the new contract will come into effect from June 2024. Therefore, the Fund's intention is to undertake preliminary activities between now and the contract commencement date and to work closely with Heywoods to come up with project plan for rollout of the new technology. This will include timeframes and these will reported back to Committee at a later date.

### Resource and Budget Implications

To be led by the Head of Pensions and Pension Administration Manager. Procured expertise may be required to project manager (will be direct awarded from the LGPS National Framework for support services). Budget requirement not included in 2024/25 budget.

### 3) Employer Portal (i-Connect)

#### What is it?

As part of the Fund's procurement exercise for a pensions administration system, the Fund has agreed to purchase a product called i-Connect from our software provider, Heywood Pension Technologies

i-Connect is an interface tool, widely used across the LGPS, which works by comparing on a monthly basis each employer's LGPS data set from its payroll system against that of the Fund and then identifying any differences which require updating. Much of the data which needs changing (such as personal details, new starters, CARE pay etc) is updated automatically by i-Connect without requiring intervention by Fund officers, allowing officers to focus on more complex tasks which cannot easily be automated. The advantage for members is that membership data is kept much more up to date (and is visible in TME) enabling better forecasting and estimates. For the Fund, it has the benefit of speeding up or removing some manual processes and improving controls. It also spreads data queries over the year rather than leaving large amounts of work in the summer months in the lead up to producing annual benefit statements.

#### Timescales and Stages

As at the time of writing, the final contract terms are still being finalising and the new contract will come into effect from June 2024. Therefore, the Fund's intention is to undertake preliminary activities between now and the contract commencement date and to work closely with Heywoods to come up with project plan for rollout of the new technology. This will include timeframes and these will reported back to Committee at a later date.

#### Resource and Budget Implications

To be led by the Head of Pensions and Pension Administration Manager. Procured expertise may be required to project manager (will be direct awarded from the LGPS National Framework for support services). Budget requirement not included in 2024/25 budget.

#### 4) McCloud

##### What is it?

The McCloud case determined that the introduction of the new CARE schemes for Firefighters and Judges in April 2015 were unlawful on age discrimination grounds. This impacted on other public service pension schemes including the LGPS, where the new CARE scheme from April 2014 included a statutory underpin for older members, because the discrimination existed in the overarching legislation. 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 has now been laid in statute.

##### Timescales and Stages

Legislation finally came into force in September 2023, applying from 1 October 2023 but with retrospective effect to 1 April 2014.

Due to the lateness of legislation, and the complexity of the remedy, DLUHC has published a [prioritisation policy](#). Informally, it has been suggested that Funds should seek to be full compliant over 12-24 month period since the implementation of the legislation.

##### Resource and Budget Implications

It will impact across all the Administration Team. No estimated allowance for additional resource has been included in the 2024/2025 budget at this time. Some additional administration software costs exist but these are not overly material relative to the overall size of the budget.

##### Current Activity

Public Service Pensions and Judicial Offices Bill was laid in statute (the primary legislation enabling changes to the LGPS Regulations).

On 4 April 2023, DLUHC issues its response to the 2020 consultation on Amendments to the LGPS statutory underpin, which covers the planned core changes to the Scheme to rectify the retrospective discrimination created by McCloud, however it delayed responding on key supplementary areas until 'Spring'.

On 30 May 2023, DLUHC issued a further consultation on the supplementary issues stated above (in relation to Aggregation, Club transfers, flexible retirement and divorce). This consultation ran until 30 June 2023.

The second consultation closed, and responses were considered, before final legislation was laid

before parliament.

September 2023, final legislation was laid which came into effect on 1 October 2023 but there will be period of time after this date that administrators will be given to enact the changes made which will vary from process to process. These time periods will be set up in the final legislation.

November 2023 (present): Fund officers already hold the base membership data necessary to undertake the core aspects of the reforms. Officers have tested running mass updates of data and calculations using the system's test environment, which mirrors the data and functionality of the live system, as well as tested individual sample cases to ensure that membership records update as expected. However, further testing is needed before making changes in the live systems. It is anticipated that officers will be able to make the majority of changes to the Live system in either February or March 2024.

Based on the test data, officers estimate there are between 90-110 current pensioners whose pension is being underpaid as a result of the remedy. Over half of these required an adjustment of under £10 per month while the largest requires an adjustment of around £100 per month. Is it the intention to rectify these pensions in the first half of 2024.

Future pensioners will also be affected, which is why it also important for officers to update over 10,000 active and deferred member records so that they are 'McCloud ready' for when members decide to take their benefits.



## 5) The Pension Regulator – General Code of Practice

### What is it?

The Pension Regulator (tPR) has responsibility for overseeing the effective administration of pension schemes, including that of LGPS Funds, particularly from a regulatory perspective. tPR has historically outlined its expectations in the form of a number of codes of practice. However, tPR took the decision a several years ago to streamline 10 of its existing codes of practice into a single code of practice, now called the General Code of Practice. The code sets out tPR’s “expectations of the conduct and practice governing bodies should meet to comply with their duties in pensions legislation”

The final version of this new code was published on 10 January 2024, and the new code is effective from

The Fund intends to seek compliance with the code by undertaking a gap analysis between the requirements of the Code and the Fund’s existing practice. Where any gaps are determined, suitable actions and timeframes will be determined to remove the gap (where possible and necessary). Note some aspects of the code cover mandatory requirements while other aspects are recommended.

### Timescales and Stages

The Fund will undertake the gap analysis, mostly likely with the benefit of external support, between now and the next Committee meeting on 13 June 2024 with the intention of also determining what action is required by that date.

### Resource and Budget Implications

It will impact across all the Administration Team. No estimated allowance for additional resource has been included in the 2024/25 budget at this time.

## Key Tasks/Statutory Work Plan for 2024/25

### Governance

Task	Q1 (Apr-Jun 24)	Q2 (Jul-Sep 24)	Q3 (Oct-Dec 24)	Q4 (Jan-Mar 25)
Review of Risk Register	✓	✓	✓	✓
Approval of External Audit Plan	✓			
Implement outcomes of the Funds Governance Review	✓	✓	✓	✓
Review and approve Business Plan for 2024/25				✓
Annual review against The Pensions Regulators Code of Practise				✓
Approval of audited Fund accounts		✓		
Approval of Annual Report			✓	
Review Policy Statements		✓		
Training Needs Analysis				✓
Review Breaches log	✓	✓	✓	✓
Monitor employer activity	✓	✓	✓	✓

### Funding

Task	Q1 (Apr-Jun 24)	Q2 (Jul-Sep 24)	Q3 (Oct-Dec 24)	Q4 (Jan-Mar 25)
Review of ongoing funding position	✓	✓	✓	✓
Cash flow modelling				✓

### Investment Management

Task	Q1 (Apr-Jun 24)	Q2 (Jul-Sep 24)	Q3 (Oct-Dec 24)	Q4 (Jan-Mar 25)
Monitor Fund performance	✓	✓	✓	✓
Responsible Investment Reporting	✓	✓	✓	✓

## Administration

Task	Q1 (Apr-Jun 24)	Q2 (Jul-Sep 24)	Q3 (Oct-Dec 24)	Q4 (Jan-Mar 25)
Issue Annual Benefit Statements to active and deferred members		✓		
P60's distributed to pensioner members	✓			
Annual pension in payment and CARE accrual increase exercise	✓			
Annual submission of HMRC Event report				✓
Issue notices to employees for breaches of HMRC Annual Allowance limits			✓	
Provision of data to actuary to produce financial accounting required for employer accounts	✓	✓	✓	
Data quality assessment for the Pensions Regulator		✓		