

**Worcestershire
Pension Fund**



Business Plan

As at 08 09 2021

MANAGEMENT SUMMARY

This Business Plan is designed to be a one-stop-reference-shop for everything going on at Worcestershire Pension Fund and in the LGPS world.

Committee and Board members' attention is drawn to the following underlying key indicators (about which further detail is provided later in this Plan) of whether all is currently well at the Fund and whether we are delivering on the issues that we are required to do by regulations / that The Pensions Regulator takes a special interest in:

1. We delivered an annual benefit statement to 99.87% of our employee member records and a 2021 deferred annual benefit statement to 99.59% of our not "gone aways" deferred member records. Compared to other funds and prior years, this is deemed good performance and meets with The Pension Regulator's requirements.
2. We have not received any new IDRPCs, experienced any data breaches or had to report anything to The Pensions Regulator since the last quarterly, rolling Business Plan.
3. Our latest pensions administration KPIs are reassuring and in line with targets set.
4. Our Fund performance / funding levels are in line with budget.
5. Our projects / budgets are on schedule: we have completed project (1) GMP reconciliation and rectification, and it has accordingly been removed from our list of projects.
6. We are not aware of any matters that we need to escalate and have been seeking reassurances from IT and our pensions administration system supplier over the measures in place to mitigate the risks we face concerning cyber security NB our Risk Register details our rating of the risks we face and what we are doing to mitigate them.
7. We (along with several LGPS funds) have been successful in becoming a signatory to the 2020 Stewardship Code, something which 64 organisations out of 189 organisations (including 147 asset managers, 28 asset owners including pension funds and insurers, and 14 service providers including data and information providers and investment consultants) applying to the Financial Reporting Council did not achieve.

Moving forward we are keen to continue our improvement and workforce planning, including increasing the training / knowledge of our team; making improvements to our processes that we have identified; offering online access to our members' pensions records; providing more detailed management information; and investigating one-off payments. We will be bringing forward proposals to the 8 December Pensions Committee that seek to improve our service by ensuring that we have the resources in place to deliver the Worcestershire Pension Fund of the future, a Fund resourced up for the challenges and projects ahead (see section 2.8 below).

1 INTRODUCTION

1.1 Our Business Plan:

- a) Outlines our (Worcestershire Pension Fund's) purpose, goals and key result areas / supporting aspirations (what is regarded as good in our eyes).
- b) Presents our targets and budget.
- c) Details our performance against our investment benchmarks and against our administration target turnarounds.
- d) Summarises the projects we have in place to achieve our large pieces of work.

1.2 Our Business Plan is refreshed and tabled at each quarterly [Pensions Committee](#) meeting.

1.3 Our governance arrangements are set out in [our annual reports](#).

2 BACKGROUND

2.1 The Local Government Pension Scheme (LGPS) is funded principally by its constituent employers, with members also contributing.

2.2 The benefits it provides are a valuable tool for employers in attracting and retaining staff.

2.3 Unlike all other public sector pension schemes the LGPS is a funded scheme, with employer and member contributions invested in financial markets / instruments.

2.4 Although a Career Average Revalued Earnings (CARE) LGPS linked to a normal retirement age of State Pension age (min 65) was introduced on 1 April 2014, concerns remain over the long-term cost and sustainability of the LGPS.

2.5 We are one of 87 funds administering the LGPS in England & Wales. Worcestershire County Council is the statutorily appointed Administering Authority.

2.6 We administer the LGPS for our employers who vary considerably in size and type and who have allowed their current and previous employees to become members:

	As at 31 March 2021	As at 30 June 2021
Employers with active members	183	187
Employee member records	23,054	22,509
Pensioner member records	19,533	19,717
Deferred member records	22,167	22,456
Total member records	64,754	64,682

2.7 We manage a **£3,496m** (as at 30 06 2021) pension fund to pay benefits as they are due and as at 30 June 2021 our solvency (the minimum risk funding position is much lower) funding position was 101%.

2.8 We face increasing complexities in both the governance and administration of the LGPS and expect the following to create pressures on our resources and workloads:

- a) COVID-19: whilst we have successfully moved to home working supported by a small postal / scanning service at County Hall and expect to be able to adapt to the new ways of working that is likely to see staff working from home for 4 days a week, our workload and resources have as yet not been tested by a significant increase in member deaths or in staff absence.
- b) The Pension Regulator (TPR) increasing its requirements re record keeping, data cleansing and covenant reviews.
- c) Adopting the national LGPS Scheme Advisory Board's good governance guidance as best practice.

- d) An ever-changing tax / pensions environment: currently these include: [McCloud](#); [Fair Deal](#); [reforming local government exit pay](#); [tax relief for low earners](#); [increasing the normal minimum pension age](#) and [changes to the valuation cycle](#).
- e) Guaranteed Minimum Pension (GMP) equalisation.
- f) New employers (from outsourcing and academy conversions).
- g) Increasing expectations from stakeholders (like member online access and employer data transmission).
- h) Central government asset pooling requirements (we are a partner fund in LGPS Central Limited, LGPSC).
- i) Re-procurements for services currently delivered by Heywood / Mercer / Scottish Widows / WCC Legal services / Barclays / CFH Docmail / Adare / Pop Creative / Portfolio Evaluation Limited (PEL) / MJ Hudson.

3 PURPOSE, GOALS AND KEY RESULT AREAS (KRAs) / ASPIRATIONS

3.1 Our purpose is to deliver on the benefit expectations of our members by managing investments to increase our assets and by understanding our liabilities.

3.2 Our goals are to:

- a) Achieve and maintain a 100% funding level over a reasonable period of time to pay all benefits arising as they fall due.
- b) Maintain a managed risk investment and funding strategy to achieve the first goal.
- c) Maintain stabilised employer contribution rates.
- d) Provide a high quality, low-cost, customer-focused service.
- e) Be open and honest in all decision making.

3.3 To help us to achieve our goals we have identified 5 KRAs:

- Accounting.
- Administration.
- Engagement / Communications / Member & Employer Relations.
- Governance & Staffing.
- Investments, Funding & Actuarial.

3.4 Our 5 KRAs are underpinned by 14 supporting aspirations. A brief summary of any significant milestones and any issues that we are encountering with delivering these is provided in the commentary at the end of each KRA section.

3.5 The one-off (shown as shaded) and annually recurring (shown as unshaded) large pieces of work or projects that we are progressing to achieve these 14 supporting aspirations are detailed in the appendix called Operational Plan: Projects.

3.6 Our performance on our day-to-day business as usual activities is detailed in the Investment Targets and Administration KPIs sections of our Business Plan. Any business-as-usual issues or developments that we are encountering are included in the commentary at the end of each KRA section.

3.7 This Business Plan's numbering recommences with section 4 (after the pages with a light background colouring that follow this paragraph). The boldened and underlined five KRAs that follow are in alphabetical order. The (1) to (14) numbering of our 14 supporting aspirations used below is across the five KRAs. This approach is to ease cross referencing with the second and third columns of the spreadsheet that is Appendix 1 of this Business Plan.

KRA: Accounting

1. To **ensure the proper administration, accounting and reporting of all our financial affairs.**
2. To produce clear **Annual Reports / Statement of Accounts** that enable members and stakeholders to understand the latest and future financial position.

Accounting KRA Commentary:

Our budgets for 2021 / 2022 to 2023 / 2024 are detailed in section 6 below. The Budget Report update on the agendas of the 17 September Pension Board and the 8 October Pensions Committee meetings details the reasons for the variances.

We will be bringing forward proposals to the 8 December Pensions Committee to improve our service by ensuring that we have the resources in place to deliver the Worcestershire Pension Fund of the future, a Fund resourced up for the challenges and projects ahead, the administration budgets will be revisited as part of developing those proposals. We will ensure this still demonstrates an efficient and well managed fund that is comparable in cost to other funds.

We are on schedule for all payments (for example to HMRC) and monitoring (for example cashflow) activities.

There are no issues with managing / reconciling the custodian accounts for investments including transactions, tax doc, cash controls, etc.

We have produced our unaudited statement of accounts for 2020 / 2021 and are on schedule to produce our 2021 annual report that will be checked against the Chartered Institute of Public Finance and Accountancy (CIPFA) example accounts and an external audit accounts checklist.

KRA: Administration

3. To **provide a lean, effective, customer friendly benefits administration service**, through the calculation and payment of benefits accurately and promptly in line with the targets published Pension Administration Strategy.
4. To maintain **an effective administration system** for the **accurate maintenance of the records of all members** and to continually review and cleanse our data, ensuring it meets the Pension Regulator's requirements and supporting employers to provide correct data.
5. To **optimise the use of technology to make processes more efficient and effective** and to continually look at developing services in the most cost-effective manner following careful consideration of business cases. This will include an increased drive towards greater self-service provision for employers and employees, as well as less paper.
6. To **become a role model of best practice amongst LGPS Funds** being recognised by members and employers as providing an excellent service and to work **collaboratively and in partnership with both internal and external organisations** to provide higher quality services at a lower cost.
7. To **support a range of projects and business as usual activities** such as the actuarial valuation, policy reviews, committee member / officer training, contract reviews, FRS information for employers and performance monitoring for us and our employers to adhere to.

Administration KRA Commentary (in alphabetical order):

Dashboards:

The Department for Work and Pensions will be launching a consultation on the [pensions dashboards](#) draft regulations, which will include rules on the different stages pension schemes will need to start sharing their data to be included in the project.

Data quality:

We have worked through employers' end of year returns and addressed any contribution / final pay / CARE pay issues resulting from the 31 March 2021 year end contribution posting.

Employer changes:

We are aware of the following employer changes in 2021 / 2022:

- Hill and Moor Parish Council wanting to offer the LGPS to their staff.
- Worcester Community Trust expected to be terminating in 2022.
- Maid Marions joining as a new employer.
- Perdiswell Primary School joining Tudor Grange Academy Trust on 1 April 2021.
- Liberata's Finance and Accounting services and maybe its HR Consulting service to return to WCC on 30 June 2021.
- Sidmore First and Nursery joining Black Pear Trust on 1 April 2021.
- Pencombe joining Hereford Marches Federation of Academies.
- The Orchard School joining Black Pear Trust on 1 April 2021.
- Cater Link Ltd (TG Perdiswell) to be joining.
- Turning Point (services) Limited joining on 1 April 2021.
- Barrs Court School setting up a new MAT called Accordia Academies Trust that will include a new school opening September 2021 called The Beacon College.
- Glen Cleaning joining as a new employer on 12 July 2021.
- Holy Family Catholic MAC merging with Our Lady of Lourdes with effect from 1 Sep 2021 to become Our Lady of the Magnificat MAC.
- Bewdley Museum becoming a new employer on 1 Sep 2021 with staff from Wyre Forest District Council being TUPE transferred from Bewdley Museum to a newly formed Trust.

GMP rectification (costs review):

The paper tabled at the [1 Dec 2017 Pensions Committee](#) expected the cost to be £325,000 to £350,000. The [31 January 2020 Committee](#) authorised a spend of up to £500,000. As reported to the [9 December 2020 Committee](#) the total of historic underpayments was £8,744 for pensioners plus £190 for dependants. Going forward annual pensions are being increased by a total of £1,418 for pensioners plus £32 for dependants. £50,505 in overpayments will not be recovered from pensioners and £22,169 in overpayments will not be recovered from dependants. ITM charged £244,188 for their work. The total cost was therefore £8,744 + £190 + £50,505 + £22,169 + £244,188 = £325,796.

KPIs:

As detailed in Section 5, in August 2021 we just failed to hit our average target turnaround for joiners, with 46% processed within our KPI. On joiners we processed 87% within our KPI for the year 2021 / 2022 (74% for the quarter ending 31 August 2021) and have hit our average target turnaround for joiners for the year 2021 / 2022.

We had 30 deaths in August 2021. We had 32 deaths in July 2021 and the average monthly number of deaths in 2021 / 2022 is 32. The average monthly number of deaths in 2019 / 2020 was 15 and in 2020 / 2021 it was 25.

We introduced the new £100 writing off pensions overpayments policy on 23 Feb 2021. In 2021 /2022 we have written off 4 cases (£194.27 / £1,452.63 / £237.44 and £103.77).

Regarding outstanding payments from employers or debtors for whom we have raised an invoice, we have concerns about being able to collect £160,000 in respect of the funding shortfall on leaving the Fund as an employer that was paid direct to Robert Owen Academy rather than to us by the Department for Education.

McCloud:

On 11 May the Queen's speech announced there will be a Public Service Pensions and Judicial Offices Bill to ensure equal treatment for all members within each of the main public service pension schemes, following the reforms to change schemes to career average.

This was followed up by a [Ministerial Statement](#) on 13 May.

It is anticipated that regulations will be made after new primary legislation in relation to public service pensions has completed its passage through Parliament and the Government's intention is that regulations will come into force on 1st April 2023.

We have been processing the hours changes that we have historically received from our employers and have identified the likely gaps in our member data. These include missing service breaks resulting from authorised absence or unpaid maternity leave not paid back via an APC that could affect the date of meeting the Rule of 85 for members with final pay benefits. We have also been working with Liberata and WCC HR to make sure that we have all of the data that we will need to deliver the McCloud rectification for members associated with our largest employer. We plan to issue guidance to our employers on our requirements once we have identified exactly what we need from them.

Processes

We are drafting new processes for employers leaving the Fund, for bulk transfers and for reporting non-payment of employer contributions to The Pensions Regulator.

Public sector exit payments:

We are monitoring the situation and have added text to our redundancy calculations about HM Treasury's statement that it will bring forward proposals at pace to tackle unjustified exit payments. We introduced higher strain costs for all redundancy / efficiency retirement dates after 20 July.

Remedying survivor benefits for opposite-sex widowers and surviving male civil partners:

The Chief Secretary to the Treasury has made a written [statement](#) on remedying survivor benefits for opposite-sex widowers and surviving male civil partners where male survivors remain entitled to a lower survivor benefit than a comparable same-sex survivor. We have revisited our two male civil partners and are awaiting regulatory guidance on our opposite-sex widowers.

Working From Home:

We have introduced the facility to send written communications electronically to a distribution house to print / envelope and post.

KRA: Engagement / Communications / Member & Employer Relations

8. To ***continue to engage with our stakeholders***, maximising self-service and digitisation, seeking feedback, developing approaches which support our goals and developing a ***robust engagement strategy*** with employers and members.

9. To ***communicate the key benefits of the LGPS, ensuring increased awareness amongst the eligible membership of their benefits***. This includes effective communication to members and employers

10. To have in ***place effective, documented business relationships with all our employers*** and to ensure regular reviews are carried out to assess the risk and strength of their covenants.

Engagement / Communications / Member & Employer Relations KRA Commentary:

We despatched 16,081 (including one to Tokyo) 2021 deferred benefit statements / newsletters on Tuesday 15 June. As we include information relating to all of a deferred member's records on the one statement, this actually represented delivering information relating to 18,541 deferred records that are not "gone aways". We also issued 287 catch up statements 'manually' from County Hall to deferred members whose data we had not processed in time for our bulk mailing cut off, meaning that 99.59% of our 22,197 not "gone aways" deferred members as at 31 March 2021 received a statement. This last figure is sourced from our system at the time of running the extract for our deferred statements and is a different number to the 22,167 deferred records that we report in section 2 of this Plan, as that figure was extracted on 6 April i.e. prior to us processing our employers' year end returns.

We despatched 21,612 employee annual benefit statements / newsletters on Friday 20 August. We also issued 26 catch up statements 'manually' from County Hall to members whose data we had not processed in time for our bulk mailing cut off, meaning that 99.87% of our 21,664 employee members as at 31 March 2021 received a statement. This last figure is sourced from our system at the time of running the extract for our annual benefit statements and is a different number to the 23,054 records that we report in section 2 of this Plan, as that figure was extracted on 6 April i.e. prior to us processing our employers' year end returns.

In July 2021 our website had 1,972 visits (63 visits per day) compared to 2,052 visits (66 visits per day) in July 2020 i.e. -4% and there were 1,205 different or unique visitors (86% of the non-unique visits).

Following an assessment of what it would take to implement member online access to pension records (member self-service, MSS), we decided not to start implementing MSS before September 2021 and to do further work on understanding the exact resource requirements.

5 of our employers are on risk for ill health liability insurance, and we are building delivering awareness of the product into our admissions process.

KRA: Governance & Staffing

11. To ensure the ***effective management and governance*** in a way that strives for continuous improvement through improved value for money, the promotion of excellent customer service and compliance with all regulatory / best practice requirements.

12. To ***recruit, train, nurture and retain highly motivated staff with the necessary professional, managerial and customer focus skills*** to deliver on the ever-increasing complexities of the LGPS.

13. To ***continually review the effectiveness of our committees and advisers*** and our decision-making.

Governance & Staffing KRA Commentary:

Whilst we (and SAB) are waiting to see how MHCLG responds, we have prepared an updated position statement on what we have been doing in response to [the SAB Good Governance Project Phase II report](#) (our current position), adding responsibilities / timelines for the actions identified in our May 2021 position statement and the extra actions that we have identified will likely be needed to demonstrate good governance after analysing the extra detail contained in [the SAB Good Governance Project Final Phase 3 Report](#).

We are also closely monitoring [The Pensions Regulator's plans](#) to combine 10 of its 15 existing codes of practice (including [CoP 14: Governance and administration of public service pension schemes](#)) into a new, single, combined and expanded (to incorporate climate change, cyber security, (ESG) stewardship of investments, administration and remuneration policies) modular document that identifies the legal duties of pension funds, provides advice on how to meet them and incorporates changes introduced by the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018 (the governance regulations).

The proposed new governance requirement for private sector pension funds with 100 or more members to conduct an annual 'own risk assessment' (of its risk controls) as a result of having to incorporate new "effective systems of governance" requirements mandated by the European Pensions Directive (Institutions for Occupational Retirement Provision (IORP) II directive) is an example of the increased workload that funds face and is mirrored by section F of the Appendix to Hymans Robertson's Good Governance in the LGPS November 2019 (Phase II) [report](#) to the LGPS SAB.

All in all we expect that delivering on good governance will be a big work-stream in 2022, as TPR expects to lay the new code in Parliament after spring 2022 with it becoming effective after summer 2022.

As our existing pension administration resources do not allow us to do everything that we would like to (like increasing the training / knowledge of our team or making all the improvements to our processes that we have identified or offering online access to our members' pensions records or providing more detailed management information or investigating one-off payments), we cannot become complacent and accordingly we will be bringing forward proposals to the 8 December Pensions Committee that seek to improve our service by ensuring that we have the resources in place to deliver the Worcestershire Pension Fund of the future, a Fund resourced up for the challenges and projects ahead (see section 2.8 below).

We will be recruiting a replacement for the grade 3 full time member of staff who left us on 24 August.

We have been exploring how best to support the personal development of our staff by promoting the formal qualifications offered by the Pensions Management Institute (PMI) and by the Chartered Institute of Payroll Professionals (CIPP).

We organised a meeting with WCC's Enterprise Architect, IT & Digital who took use through the cyber-security measures that we have in place. These include measures to stop malicious emails; measures to remove malicious links in emails; measures to prevent outbound emails being sent to unacceptable recipients; measures to prevent access to fake websites; measures to encrypt our emails; measures to keep our laptops clean; and measures to catch ransom

demands.

We are probing the supplier of our pension administration system about:

- What they have been doing to keep the cloud / our data / our login arrangements Altair / sending (bulk / individual) emails from Altair safe.
- What new threats they have popped mitigations in place for.
- What recent changes or patches have been made to their disaster recovery arrangements.
- Evidencing (perhaps via internal or external audits) the things that they have done recently to keep up to date.
- What ongoing vulnerability scanning they have in place alerting them to new vulnerabilities.

We are addressing the issues raised by Grant Thornton's July 2021 IT audit report by introducing new control measures for removing access to our pension administration system for staff who leave; for password strength; and for reporting on access attempts / amendments to non-member data.

We delivered induction training to the 3 new Pensions Committee members on 3 June 2021.

We delivered training on 'How an LGPS employee member can improve their lot' on 20 July 2021.

The next training session (on investment in infrastructure / property / private debt) is scheduled for 21 September.

We delivered a deep dive to the Pension Board on our annual report on 8 June 2021.

We have reviewed our Statement of policy on our discretions (as an administering authority) and delivered a deep dive to the Pension Board about them on 10 August 2021.

The next deep dive on stewardship is scheduled for 14 October.

We had a meeting on 6 September with the Chairs of our Pensions Committee, Pension Investment Sub Committee and Pension Board to discuss the way forward on training.

The annual review and audit / sign off arrangements for the annual report that includes our Governance Compliance Statement are in place for 2021.

We (along with several LGPS funds) have been successful in becoming a signatory to the 2020 Stewardship Code, something which 64 organisations out of 189 organisations (including 147 asset managers, 28 asset owners including pension funds and insurers, and 14 service providers including data and information providers and investment consultants) applying to the Financial Reporting Council did not achieve.

KRA: Investments, Funding & Actuarial

14. To **achieve a relatively stable “real” investment return above the rate of inflation** over the long term, in such a way as to minimise and stabilise the level of contributions required to be paid by employers in respect of both past and future service liabilities and **to achieve a 100% funding level over a suitable timescale**. This includes setting of appropriate investment strategies, the appointment of capable investment managers, and the monitoring and reporting of investment managers’ performance, with appropriate action being taken in the event of underperformance.

Investments, Funding & Actuarial KRA Commentary:

The Fund’s asset valuation as at 30 June 2021 was £3,496m and its funding level was 101% which has recovered well from the significant impact of COVID 19 in March 2020. However there remains a lot of volatility in the financial markets.

As detailed in the next section (section 4), the Fund has generated an average annual return of 7.6% compared to its benchmark of 7.2% over the 3 years to 30 06 2021.

Over the year to 30 06 2021 the Fund generated a return of 15.0% compared to its benchmark of 17.2%.

97 employers have supplied us with accounting data, so that we can assess their covenants.

Updated versions of our 2021 Investment Strategy Statement (that tidied up the version approved by the Pensions Committee on 16 March), ‘All about Worcestershire Pension Fund investment pots’ and ‘Making a formal representation for an exit credit payment’, along with our June 2021 Funding Strategy Statement are available from the [Funding and investments area](#) of our website.

As part of the response to the ESG Audit recommendations agreed at Pensions Committee on 16 March 2021, the Fund is exploring suitable sustainable active equity and / or passive Climate factor fund investments. We have a Climate Change Risk Strategy in place that will include asking our investment managers to present their TCFD report and to deliver carbon risk metrics on their portfolios.

The PLSA is [consulting](#) on the development of a quality mark for responsible investment.

We continue to investigate making infrastructure, private debt, and sustainable equity investments via LGPSC.

4 INVESTMENT TARGETS

4.1 The 2019 actuarial valuation set the following real annual discount rates:

- a) Past service: Consumer Prices Index + 1.65%.
- b) Future service: Consumer Prices Index + 2.25%.

4.2 The assumed annual Consumer Prices Inflation is +2.4%.

4.3 Therefore our annual return on investment targets are 4.05% (for deficit recovery payments) / 4.65% (for future service contributions).

4.4 To achieve this, we are a partner in LGPSC, have set benchmarks for our sectors and

have achieved the 3-year returns shown in the right column of the table below:

Sector	Benchmark	Average annual Performance over the 3 years to 30 June 2021 v benchmark
Far East Developed	FTSE All World Asia Pacific Index + 1.5%	8.1% (0.8% above benchmark)
Emerging Markets	FTSE All World Emerging Market index +2.0%	Not available as new fund invested from July 2019
United Kingdom	FTSE All Share Index	2.1% (0.1% above benchmark)
North America	FTSE All World North America - Developed Series Index	17.3% (0.1% above benchmark)
Europe ex - UK	FTSE All World Europe ex UK Index - Developed Series Index	10.0% (0.2% below benchmark)
Global (alternatives)	40% GPAE - FTSE-Research Affiliates Fundamental Index (RAFI) Dev 1000 Equity Fund, 30% GPBK - MSCI World Mini Volatility Index, 30% STAJ - CSUF - STAJ	10.9% (0.6% below benchmark)
Fixed Interest	Barclays Global Aggregate Corporate Bond Index – Hedged into GBP	Not available as only invested March 2020
	EQT Corporate Private Debt - Absolute Return 6.5%	Not available as only invested May 2018
Property / Infrastructure	Various absolute benchmarks for different fund managers	Property 2.2% (4.4% below benchmark) Infrastructure 5.7% (3.1% below bmark)

5 ADMINISTRATION KPIs

5.1 We measure our performance against CIPFA industry standard targets for our key pension administration processes. We have regular meetings that review how we are performing on a case-by-case basis (% processed within target) and our average performance for all the cases of a process (average turnaround). This informs our resource allocation between processes and highlights which processes to seek to improve.

5.2 A commentary on the tables below is provided earlier in the shaded KRA: Administration section (that follows section 3.7).

Activity / Process	Number processed in Aug 2021	% Processed within KPI in Aug 2021	Av turnaround (working days) in Aug 2021	Target turnaround (working days)	2021/2022 average number processed per month
Joiners notification of date of joining	152	46	41	40	224
Process and pay refund	68	91	5	10	40
Calculate and notify deferred benefits	84	94	9	30	95
Letter notifying actual retirement benefits	53	100	2	15	46
Letter notifying amount of dependant's benefits	10	90	4	10	15
Letter acknowledging death of member	30	80	3	05	32
Letter detailing CETV for divorce	11	100	1	45	14
Letter notifying estimate of retirement benefits	118	99	4	15	137
Letter detailing transfer in quote	32	100	3	10	32
Process and pay lump sum retirement grant	78	100	10	23	80
Letter detailing transfer out quote	33	97	3	10	29
Letter detailing PSO implementation	0	n/a	n/a	15	0

Activity / Process	Number processed for year 2021 / 2022	% Processed within KPI for year 2021 / 2022	Av turnaround (working days) for year 2021 / 2022	Target turnaround (working days)
Joiners notification of date of joining	1122	87	21	40
Process and pay refund	200	97	5	10
Calculate and notify deferred benefits	477	91	10	30
Letter notifying actual retirement benefits	232	100	2	15
Letter notifying amount of dependant's benefits	75	96	3	10
Letter acknowledging death of member	162	80	4	05
Letter detailing CETV for divorce	72	100	2	45
Letter notifying estimate of retirement benefits	687	100	3	15
Letter detailing transfer in quote	162	99	2	10
Process and pay lump sum retirement grant	404	98	13	23
Letter detailing transfer out quote	147	95	3	10
Letter detailing PSO implementation	2	100	5	15

6 BUDGET

In addition to the commentary provided earlier in the shaded KRA: Accounting section (that follows section 3.7), detailed reporting of our budget position is provided twice a year to Pensions Committee and included in [our annual reports](#).

Pension Fund Administration Forecast Outturn 2021/22 & indicative budgets 2022/23 & 2023/24

2021/22 Budget	2021/22 Forecast Outturn	2021/22 Variance	Description	2022/23 Annual Change	2023/24 Annual Change	Comments
£	£		£	£	£	
Fund Investment						
9,702,400	15,757,600	6,055,200	INVESTMENT MANAGEMENT FEES	16,022,500	16,457,800	Includes LGPS central Fees, Equity Protection and increasing commitment to Property & Infrastructure.
148,000	141,526	-6,474	Investment Administration Recharge	151,000	154,000	Increased Investment support
734,500	734,500	0	LGPS Central Governance and Running Costs contribution	756,500	779,200	Was previously shown under Management Fees
100,000	90,000	-10,000	Investment Custodial and related services	102,000	104,000	Reduced Custodial services due to transition of assets to LGPSC
131,500	106,000	-25,500	Investment Professional fees	187,000	112,500	Increased support for ESG Audit in 20.21 & 21.22
28,600	28,400	-200	Performance Measurement	29,200	29,800	CEM Benchmarking and Portfolio Evaluation
1,142,600	1,100,426	-42,174	INVESTMENT ADMINISTRATION COSTS	1,225,700	1,179,500	
Scheme Administration						
1,075,700	1,104,116	28,416	Pension scheme Administration recharge	1,166,400	1,194,500	Increase due to Admin software requirements and additional staff for increased workload
338,000	360,000	22,000	Actuarial services	388,000	338,000	Employer monitoring through Actuary system Pfaroe 20/21 and Triennial valuation allowed for April 2022/23
27,500	34,068	6,568	Audit	34,100	34,100	
33,500	33,816	316	Legal Fees	33,500	33,500	
11,000	11,000	0	Committee and Governance recharge	11,000	11,000	
1,485,700	1,543,000	57,300	SCHEME ADMINISTRATION COSTS	1,633,000	1,611,100	
2,628,300	2,643,426	15,126	GRAND TOTAL (Excluding Investment Mgt Fees)	2,858,700	2,790,600	
12,330,700	18,401,026	6,070,326	GRAND TOTAL (Including Investment Mgt Fees)	18,881,200	19,248,400	

Appendix 1 – Operational Plan: Projects

This appendix summarises the work that we are doing to achieve particular aims. For us a project is a piece of work that is something that we would not do on a daily basis like processing a retirement. Some of our projects recur annually.

It uses the following acronyms / abbreviations:

AA	Asset allocation
A/C	Accounting
Ac	Academies
Admin	Pensions Administration
Admiss	Admission
Admit	Admitted
AH	Aquila Heywood
App	Application
BCP	Business Continuity Plan
Bods	Bodies
Calcs	Calculations
CARE	Career average revalued earnings

CB	Corporate bonds
CEM	CEM Benchmarking Inc
Cert	Certificate
CIPFA	Chartered Institute of Public Finance & Accountancy
CMA	Competition and Markets Authority
Coll	Colleges
Config	Configuration
Conts	Contributions
Covs	Covenants
Cttee	Pensions Committee
EM	Emerging markets
Engage	Engagement
Er	Employer
Expend	Expenditure
FI	Fixed interest
FRS	Financial Reporting Standards
FSS	Funding Strategy Statement
GMP	Guaranteed Minimum Pension
Gov	Governance
Inc	Income
Inv	Investments, Funding & Actuarial
ISS	Investment Strategy Statement
KRA	Key result area
LGPS	Local Government Pension Scheme
LGPSC	LGPS Central Limited
Manag	Management
MHCLG	The Ministry of Housing, Communities and Local Government
ONS	Office for National Statistics
Q	Query
Recti	Rectification
RI	Responsible investment
Rtn	Return
SAB	Scheme Advisory Board
Sch	Scheduled bodies
SF	Superannuation Fund
SI	Statutory Instrument
Sub	Pension Investment Sub-Committee
Term	Termination (of an employer's membership of the Fund)
TBD	To be determined
TPR	The Pensions Regulator
TV	Transfer (of member benefits)
Y/End	Year end

~ ENDS ~

Operational Plan: Projects 8 Sep 2021 NOTES: (1) removed as completed	KRA	Aspiration	Lead	Started	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun22	Jul 22	Aug 22	Sep 22	Oct 22	Comments	
11 LGPS Central budget (various)	A/C	1	RW				Cttee		Cttee			Cttee			Cttee				Cttee	√ to date and scheduled	
12 Annual Report & Accounts / associated docs (30 09 21)	A/C	2	RW		signed off	Publish	Cttee								Cttee		signed off	Publish	Cttee	unaudited financial statements prepared	
15 ONS Inc / Expend return (quarterly)	A/C	1	RW				¼ rtn			¼ rtn			¼ rtn			¼ rtn			¼ rtn	√ to date and scheduled	
16/17 MHCLG SF3 LGPS Funds account (31 08 21)	A/C	1	RW		Annual												Annual			2021 scheduled	
18 TPR Occupational Pension Schemes Survey (31 03 22)	A/C	1	NW									Annual								√ 2021 and 2022 scheduled	
19 CEM investment benchmarking (31 07 22)	A/C	1	RW													Annual				√ 2021 re data from scheme year 19/20	
14 CIPFA benchmarking (31 10 21)	Admin	6	NW				Annual		Cttee										Annual	2021 scheduled	
2 GMP equalisation (TBD)	Admin	7	SH	TBD																awaiting guidance NB non-club TVouts 1990 to 1997 in scope	
4 Valuation / FSS / pots / admis + term policies (various)	Admin	7	RW				Cttee		Cttee			Cttee				Cttee				2021 FSS on website	
32 Reprocare pension admin system (30 04 2024)	Admin	4	NW	May-20																contract extended for 3 years from 30 April 2021	
10 Pension Administration Strategy review (01 04 22)	Admin	10	CF								consult	Cttee	publish							√ 2021 and 2022 scheduled	
13 Review data quality (various)	Admin	4	NW		Aq Hey results				Mercer results										Aq Hey results	√ 2020 Mercer and Heywood	
25 Revalue CARE accounts (06 04 2022)	Admin	4	SH										System config.							√ 2021 and 2022 scheduled	
26 Provide FRS info (various)	Admin	7	AL		Ac				admit bods			Sch					Coll	Ac		√ to date and scheduled	
3 Branding and digital strategy (TBD)	Engage	5	CF	Oct-18																awaiting resource and checking out UPM with Dorset	
20 Monitor employer covenants / pots / conts	Engage	10	RW				Cttee		Cttee	ask ers		Cttee	reset erconts		Cttee					Cttee	Pfaroe in place and Bond requirements being updated
21 Deferred annual benefit statements (31 08 22)	Engage	9	CF												Annual	Q manag				√ 2021 and 2022 scheduled	
22 Employee annual benefit statements (31 08 21)	Engage	9	CF		Annual	Q manag					Y/End						Annual	Q manag		2021 on schedule and employers briefed	
23 Pensioner P60s (29 05 22)	Engage	3	SH											Annual	Q manag					√ 2021 and 2022 scheduled	
24 Payslips reflecting pension increase (30 04 22)	Engage	3	SH										Annual							√ 2021 and 2022 scheduled	
27 Pension Savings Statements (06 10 21)	Engage	3	NW				Annual												Annual	2021 scheduled	
29 Pensioner newsletter / life cert (30 11 21)	Engage	9	CF					Annual												2021 scheduled	
28 /30 Good Governance incl TPR (TBD)	Gov Staff	11	RW	TBC			Cttee		Cttee	CMA comply		Cttee			Cttee					Cttee	updated policy statement and delivered training / deep dives
33 McCloud: data collection; er rates; and calcs	Admin	3	NW	Aug-20			Cttee		Cttee			Cttee			Cttee					Cttee	hour changes being progressed and plans being developed
5/6 Review of Asset Allocation / ISS (31 03 22)	Inv	14	RW			Sub	Cttee	Sub	Cttee			Cttee			Cttee Sub			Sub	Cttee	√ 2021 and 2022 scheduled	
9 Increase assets managed by LGPS Central Limited	Inv	14	RW	Feb-19			Cttee		Cttee			Cttee			Cttee Sub					Cttee	looking into infrastructure / private debt / sustainable equity
34 Progress the Fund's RI journey	Inv	14	RW	Jan 20			Cttee		Cttee			Cttee			Cttee					Cttee	√ Climate Change Risk Strategy / Stewardship Code signatory