



Bedfordshire Pension Fund Business Plan 2020 – 2024

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Introduction

Bedford Borough Council is the Administering Authority of the Bedfordshire Local Government Pension Scheme (LGPS). The Fund is open to local government employees and employees of a wide range of other employers providing services in the Bedfordshire area.

Management of the Pension Fund is delegated to the Pensions Committee acting in the role of 'trustee' of the Pension Fund. The day-to-day running of the Fund has been delegated by the Pensions Committee to the Assistant Chief Executive (Enabling Services), Chief Officer Corporate Finance and Pensions and the Manager for Pensions Administration. The Pensions Team has responsibility for all aspects of the Fund including administration, investments and accounting.

The Fund is a member of the Border to Coast Pensions Partnership Limited (BCPP) which was established in 2017 with the aim of pooling investments with other like-minded Funds to reduce investment management costs. The transition of assets from Bedfordshire to BCPP is ongoing.

The purpose of this document is to set out a business plan for the Pension Fund for the period 2020-2024 and to outline the Fund's aims, objectives and actions over the longer term. The plan has been prepared in compliance with statutory requirements and current codes of practice and best practice. The plan is reviewed on an annual basis.

Objectives

The primary objectives of the Fund are to:

- Deliver a high quality and friendly information service to current and potential beneficiaries and employers;
- Provide clear, appropriate and timely communication with all stakeholders to demonstrate our accountability to them;
- Act with integrity and be accountable to stakeholders for decisions, ensuring that they are robust, well-based and undertaken by people who have the appropriate knowledge and expertise;
- Help employers recognise and manage pension liabilities as they accrue (addressing the different characteristics of disparate employers to the extent that is practical and cost effective);
- Optimise the return on investment consistent with a prudent level of risk over the long-term.

Fund Information

Funding Level

The Fund is required to carry out an Actuarial Valuation every three years to estimate the market value of assets compared to the liabilities (i.e. the benefits payable to Members) and calculate a Funding Level. The last valuation was carried out at 31 March 2019, with the next one due 31 March 2022. The charts below shows the results of the last three valuations.

Chart 1: Assets and Liabilities

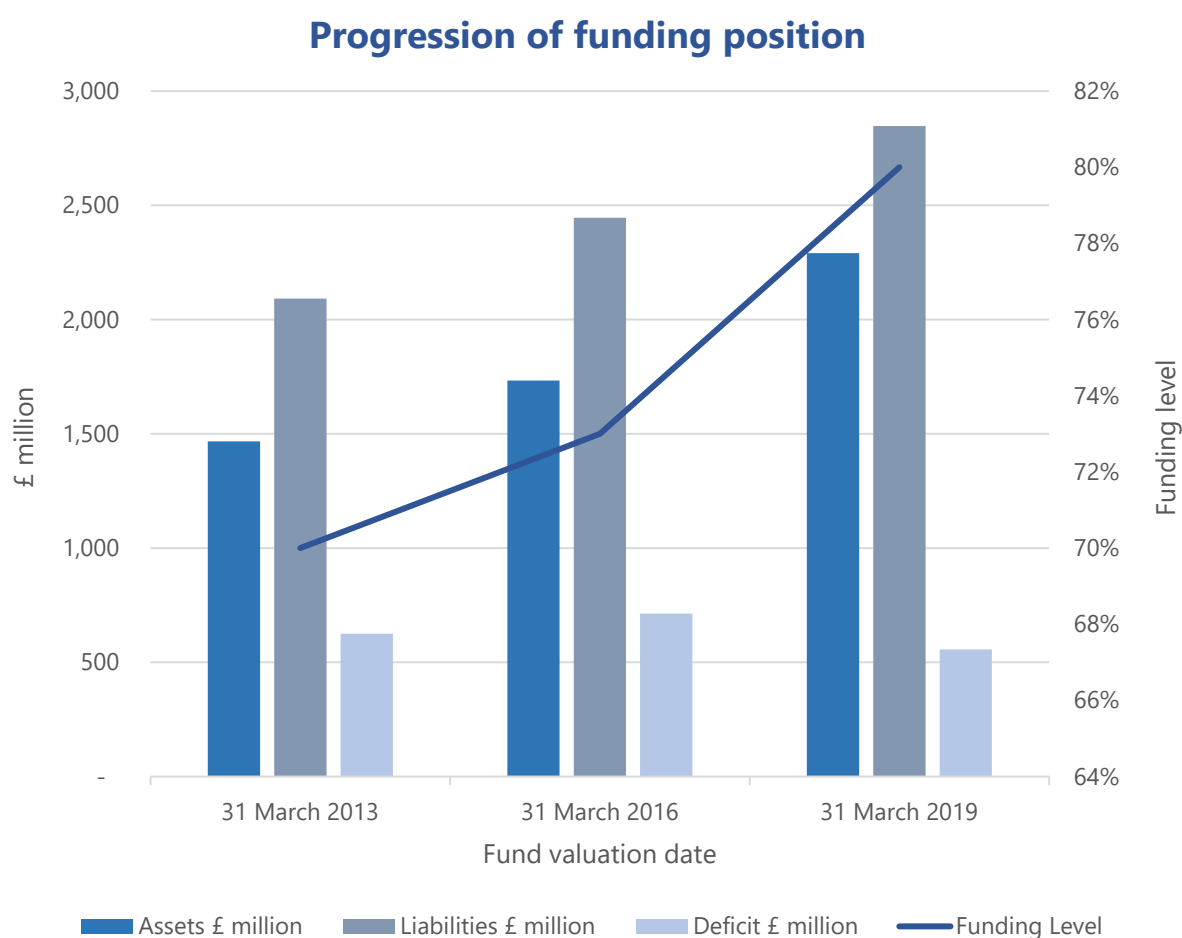


Table 1: Contribution Rates

Valuation date	Contribution rate
31 March 2019	19.2%
31 March 2016	17.8%
31 March 2013	13.9%

Membership

The Fund has an increasing number of members. The membership can be broken down into different types:

- **Active Members** are people who are currently paying into the LGPS through their employment with one of Bedfordshire Pension Fund's employers.
- **Deferred Members** are people who have previously paid into the LGPS for long enough to be entitled to pension benefits and have now stopped paying into the scheme but are not old enough to claim their pension benefits. The payment of their pension benefits is 'deferred' until the person reaches retirement age.
- **Pensioners** are people who have previously paid into the LGPS and their LGPS pension benefits are now being paid to them. This category also includes the dependants (e.g. spouses and children) of former LGPS members who are entitled to receive a pension.

Chart 2: Membership numbers



Performance

The Fund has an agreed set of Local Indicators with which it monitors the administration of the Fund and its dealings with Members. These targets are set with the needs of the Members in mind, and as a minimum in line with legislation, and guidance from the Pensions Regulator.

The table below sets out the performance for 2019/2020 and targets for 2020/2021.

Table 2: Pensions Administration performance

Task	Number of tasks in 2019/2020	Target number of days to complete task	Disclosure regulations & tPR standard days to complete	2019/2020 performance (completed within target)
Creation of member records	4,758	10	60	99%
Payment of refunds	743	10	30	99%
<i>Process retirement: Early and Normal</i>	279	10	30	99%
<i>Process retirement: Ill health</i>	36	10	30	100%
<i>Process retirement: Flexible</i>	21	10	30	100%
<i>Process retirement: Redundancy or efficiency</i>	81	10	30	100%
<i>Process preserved benefit into payment</i>	752	10	30	100%
Total retirements	1,169	--	--	99%
<i>Retirement estimate: Early and Normal</i>	767	10	60	99%
<i>Retirement estimate: Long-term forecasts</i>	244	20	60	100%
<i>Retirement estimate: Ill health</i>	42	10	60	97%
<i>Retirement estimate: redundancy or efficiency</i>	267	10	60	100%
Total retirement estimates	1,320	--	--	99%
Transfers in	317	35	60	100%
Transfers in (Local Government)	229	35	60	100%
Transfers out	65	10	90	100%
Transfers out (Local Government)	175	60	90	100%
Preserved Benefits	2,532	60	60	96%
Death entitlement	555	10	60	100%

Investments

The aim of the Fund is to hold sufficient assets to cover for all accrued benefits due to Members taking account of future salary increases and inflation. The Pension Committee sets the Investment Strategy to achieve this objective taking into account an acceptable level of risk.

The Investment Strategy Statement sets out the Fund's Asset Allocation.

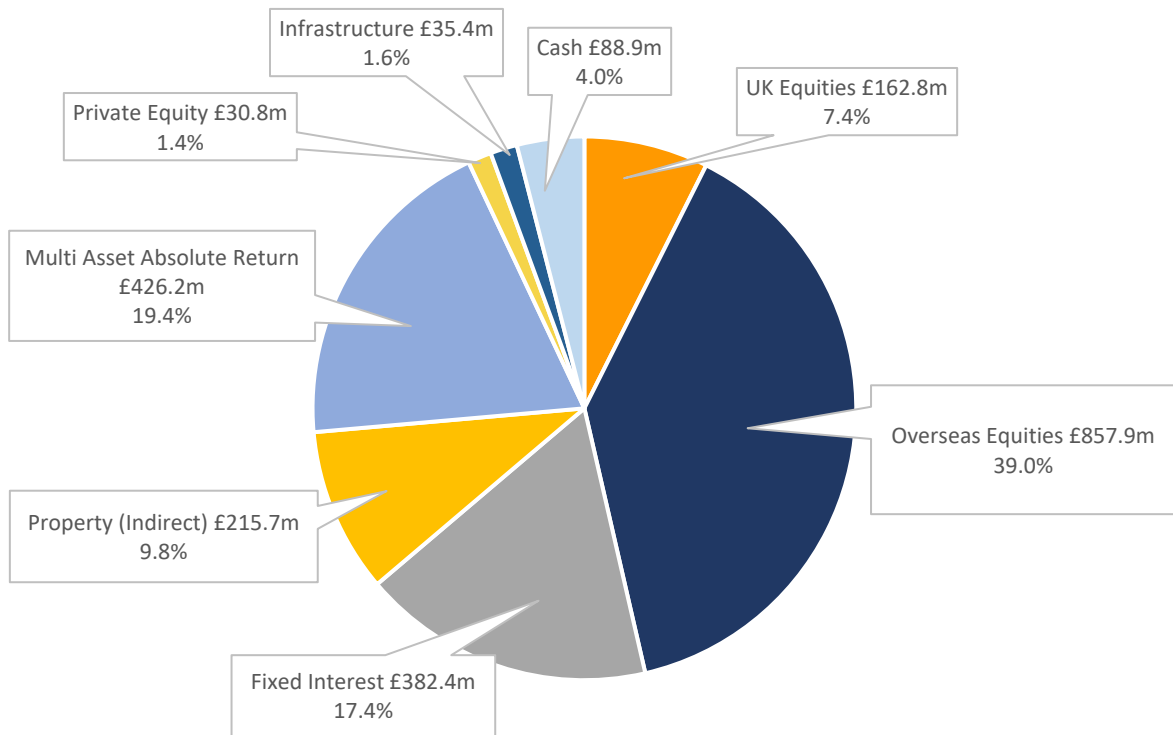
Table 3: Strategic Asset Allocation

Asset class	Interim phase target	Long-term Target Allocation %	Allocation Range %
Listed Equities	50%	50%	40%-60%
"Opportunities"	5%	5%	000%-10%
Growth assets	55%	55%	--
Property	10%	10%	5%-15%
Infrastructure	5%	10%	0%-15%
Private Credit	2%	7.50%	0%-10%
Multi-asset credit	7%	7.50%	5%-15%
Absolute Return Multi Asset	11%	0%	0%-15%
Diversifiers	35%	35%	--
Investment Grade Bonds	10%	10%	5%-15%
Protection	10%	10%	--
Total	100%	100%	--

As at 31 March 2020 Bedfordshire Pension Fund was valued at £2,200.2 million (£2,311.3 million at 31 March 2019). The Fund was affected by market volatility at the end of the financial year as a result of the pandemic.

Chart 3: Assets held

Assets held at 31 March 2020



2020/21 Budget

Table 4: 2020/2021 Budget

	2020/2021 £000	2019/2020 Revised £000	Change £000	Change %
<i>Investment management: basic fees</i>	4,692	4,538	--	--
<i>Investment management: fees for pooled funds</i>	1,956	2,217	--	--
<i>Investment management: performance related fees</i>	300	300	--	--
Total Investment Management	6,948	7,055	-107	-1.5
Oversight and Governance	1,071	1,025	46	4.5
<i>Administration: net running costs</i>	133	133	--	--
<i>Administration: computer costs</i>	274	274	--	--
<i>Fund Administration – Administering Authority Recharge</i>	1,250	1,165	--	--
Total Administration	1,657	1,572	85	5.4
Grand Total	9,676	9,652	24	0.3

Workplan

Pensions Administration

We are aiming to provide high quality value-for-money service. Pension administration is carried out in-house by a team of professional staff. During 2019/2020 a new Pensions Administration Strategy was introduced to provide further clarity to employers on their roles and responsibilities and of the Fund.

During 2019/2020 My Pension Online was introduced which enables members to access securely to their own pension record online.

Table 5: Pensions Administration workplan

Area of Work	2020/21	2021/22	2022/23	2023/24
Valuation – collection of data	--	--	Apr to Jul	--
Valuation Results to Employers	--	--	Nov- Dec	--
Annual Submission of Data for Employers	Apr to Jul	Apr to Jul	Apr to Jul	Apr to Jul
Guaranteed Minimum Pension Review	Ongoing	--	--	--
Administration Performance Review	Quarterly	Quarterly	Quarterly	Quarterly
Annual Benefit Statements	May to Aug	May to Aug	May to Aug	May to Aug
Policy Review	Mar	Mar	Mar	Mar
Refresh pensions website	Jan to Mar	--	--	--
I-Connect system business case/implementation	Sept to Mar	Ongoing	Ongoing	

Investments and Accounting

The focus of the Investment Team is on the transition of the assets under the revised Asset Allocation agreed by the Pensions Committee in February 2020; including pooling of assets to Border to Coast

Table 6: investment and accounting workplan

Area of work	2020/21	2021/22	2022/23	2023/24
Investment Strategy Review	March	March	March	March
Investment Performance Review	Monthly	Monthly	Monthly	Monthly
Review of Equity Holdings	June-March	Apr- June	--	--
Pooling – Asset Transfers	On-going	On-going	On-going	On-going
Manager meetings by Rotation*	Quarterly	Quarterly	Quarterly	Quarterly
Valuation	--	Apr to Jul	Apr - Mar	--
Employer Accounting Reports	July, August and March	July, August and March	July, August and March	July, August and March

Governance

Table 7: Governance workplan

Area of work	2020/21	2021/22	2022/23	2023/24
Annual Report and Accounts	Apr to May	Apr to May	Apr to May	Apr to May
Local Pension Board Meeting	Quarterly	Quarterly	Quarterly	Quarterly
Employer Annual Meeting	December	December	December	December
Review Risk Register	Monthly	Monthly	Monthly	Monthly
Responsible Investment	December	December	December	December
Stewardship Code	--	April – Sept	Ongoing	Ongoing
Member Training Programme	June	June	June	June
Review AVC Provider	--	September	--	--
Independent Investment Adviser contract			Apr - June	
Investment Consultant	Oct - Mar	--	--	Oct - Mar

Committee Meeting Plan

Forward Plan – 2020/2021 Committee Meetings

Meeting	Agenda Item
June 2020	Pensions Administration – Performance Update Investment Performance Report Statement of Accounts Risk Register Pension Fund Training Plan Governance Policy Review Regulations Update LGPS Pooling Update
September 2020	Pensions Administration Performance Update Investment Performance Report Annual Report Internal Audit Review External Audit Review Budget and Cash Flow Monitoring to June 2020 Business Plan Regulation Update LGPS Pooling Update Valuation Update
November 2020	Pensions Administration – Performance Update Investment Performance Report Budget and Cash Flow Monitoring to September 2020 Asset Allocation – Annual Review (including Benchmark review) Review Myners Principles LGPS Pooling BCPP RI Policy and Corporate Voting Guidelines Risk Register Review

Meeting

Agenda Item

March 2021

Pensions Administration – Performance Update
Budget and Cash Flow Monitoring to December 2020
External Audit Plan
Proposed Budget for 2021/2022
Investment Strategy Statement Review
Business Plan Refresh including review against Business Plan objectives
Regulation Update
LGPS Pooling
Employer Funding Strategies
Valuation Update
Independent Governance Review (IGR)
Review Investment Consultant and Independent Advisor Objectives
I Connect Project

Local Pension Board

The Local Pension Board was established in 2015 to secure compliance with: the Local Government Pension Scheme (LGPS) Regulations and the requirements of the Pensions Regulator to assist in the effective and efficient governance and administration of the LGPS.

The Pension Board provides assurance the Pensions Committee on matters of governance and administration. The Board meets quarterly between Committee meetings, and reports to the Committee on recommendations and assurances gained after each meeting. The Board workplan is set out below:

Meeting

Agenda Item

2020 Quarter 2
28 May 2020

Board Chairman's Update to Pensions Committee
Pension Board Annual Report
Terms of Reference Review
Training Plan Review
Work Programme Review
Preview of draft Annual Report and Accounts
Administration Update [including KPI monitoring.]
Risk Register Review
LGPS Regulation Update
Breaches log Review

2020 Quarter 3
23 July 2020

Board Chairman's Update to Pensions Committee
Pension Fund Annual Report and Accounts
Administration Update [including KPI monitoring.]
LGPS Regulation Update
Breaches log Review
tPR Engagement Report
Verbal update on training issues
Risk Register Review
Preview of draft Annual Report and Accounts
Work Programme Review
Pooling Update

Meeting

Agenda Item

**2020 Quarter 4
29 October 2020**

Board Chairman's Update to Pensions Committee
Administration Update [including KPI monitoring.]
LGPS Regulation Update
Breaches log Review
Code of Practice 14 Review
Risk Register Review
Work Programme Review

**2021 Quarter 1
January 2021**

Board Chairman's Update to Pensions Committee
Administration Update [including KPI monitoring.]
LGPS Regulation Update
Breaches log Review
Risk Register Review
Pooling Update
Work Programme Review
I-Connect Project

Staff Resources

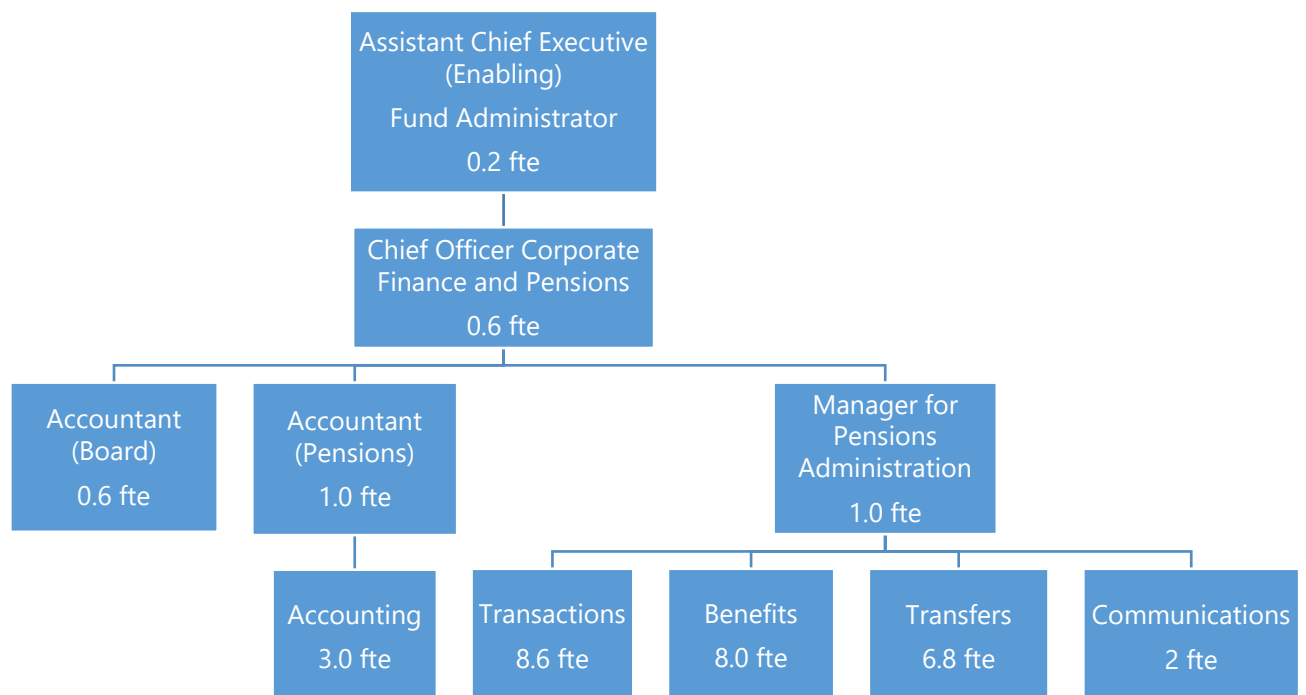
Bedford Borough Council as the administering authority for Bedfordshire Pension Fund provides the staffing establishment for the Pension Fund. Responsibility for the day to day operation of the Fund is delegated to the Council's Section 151 Officer.

The staffing structure to deliver the workplan is managed through three key teams:

- Administration Team
- Investments and Accounting
- Governance

In-house pension and investment administration provides a high degree of control over the investment arrangement and delivery of tailored service to employers and scheme members.

The structure and resources for each team is set out below:



Risks and Issues

The Fund has a Risk Register which is reviewed by the Pensions Board and Pensions Committee on a quarterly basis. The key risk identified in the Register relates to maintaining the skills and knowledge of the Pension Fund in order to maintain its MIFID II status as a professional investor. The full Risk Register is available on the Fund's website www.bedspensionfund.org.

There are also issues (political, economic, social and technical) facing the LGPS that may impact on the delivery of this business plan.

- The remedy for McCloud case is likely to cause administrative challenge to implement and increase costs of benefits and administration.
- The imminent legislation to enact the proposed exit payment cap on public sector employees.
- Anticipated new regulations in relation to the management of employer risk.
- Increases in the number of requests for transfers since the introduction of the Government's "Freedom and Choice".
- Potential changes in legislation requiring an increased focus on Environmental, Social and Governance (ESG) factors.
- Increased workload resulting from the raft of initiatives (SAB, CIPFA, tPR, FRC, MHCLG etc.) and the growing number and complexity of employer admissions.
- System availability and security. In the new digital age, cyber security and data breaches are critical. The Fund has robust systems in place however, there is always a risk of system failure and cyber-attacks.