



Business Plan 2023 – 2027

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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 has been delegated to the Pensions Committee by Council, and acts 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 (Finance), Chief Officer for Bedfordshire Pension Fund and the Manager for Pensions Administration. The Pensions Team has responsibility for all operational aspects of the Fund including governance, administration, and, 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 Border to Coast is ongoing.

The purpose of this document is to set out a business plan for Bedfordshire Pension Fund for the period 2023-2027 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 Fund has set the following high level objectives:

- 1) Deliver a high quality and friendly information service to all beneficiaries, potential beneficiaries and employers;
- 2) Clear, appropriate and timely communication with all Stakeholders;
- 3) To 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;

- 4) To 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);
- 5) Optimising the return on investment consistent with a prudent level of risk over the long term.

Review of 2022/2023

2022/2023 was another turbulent year for the Fund, both in terms of service delivery and the value of investments. Agile working arrangement planned before the pandemic were implemented to provide a hybrid of working from the office and at home to maximise flexibility and productivity.

Focus has remained on delivering essential services to our Members in line with the guidance provided by the Pensions Regulator at the start of the pandemic; to ensure payments to pensioners continued along with new pensions being put in to payment and paying out death grants to those families in need.

In February 2023 the Fund was accredited by the Financial Reporting Council (FRC) as a signatory to the UK Stewardship Code 2020. This follows an assessment of the Fund's stewardship and engagement policies and activity for 2021/2022. The Code sets high stewardship standards for asset owners and asset managers, and for providers that support them.

The support and training the Council put in place to promote health and wellbeing is available to staff; and all staff have returned to the office in line with the agile working arrangements. The additional team meetings and 1-2-1 sessions are also still in place.

The tables below show the objectives set for 2022/2023 and the progress update; where projects will be continuing into 2023/2024 these objectives have been included in the workplan later in this report.

Table 1: Pensions Administration workplan 2022/2023

Area of Work	Comments
Valuation – collection of data	Achieved
Valuation Results to Employers	Achieved. Minimum Risk Employers to be Reviewed in 2023/2024
Annual Submission of Data for Employers	Achieved

Area of Work	Comments
Guaranteed Minimum Pension Review	Ongoing. To carry forward to 2023/2024
Administration Performance Review	Achieved
Annual Benefit Statements	Achieved
Policy Review	Achieved
I-Connect system business case	Carry Forward. To start implementation in 2023/2024.
McCloud Project	Legislation not yet enacted; carried forward to 2023/2024
Legal Services Contract Retender	New National LGPS Framework went live in January 2023. New appointment to be made through the new framework in 2023/2024.

Table 2: Pensions investment and accounting workplan 2022/2023

Area of Work	Comments
Investment Strategy Review	Achieved
Investment Performance Review	Achieved
Pooling – Asset Transfers	Achieved
Manager meetings by Rotation	Partially achieved
Valuation	Achieved
Employer Accounting Reports	Achieved
Investment Benchmarking	Achieved
Custody Contract Transition	Achieved
Consultation Response	Consultation not issued. To carry forward 2023/2024

Table 3: Governance workplan 2022/2023

Area of Work	Comments
Annual Report and Accounts	Achieved
Local Pension Board Meeting	Achieved

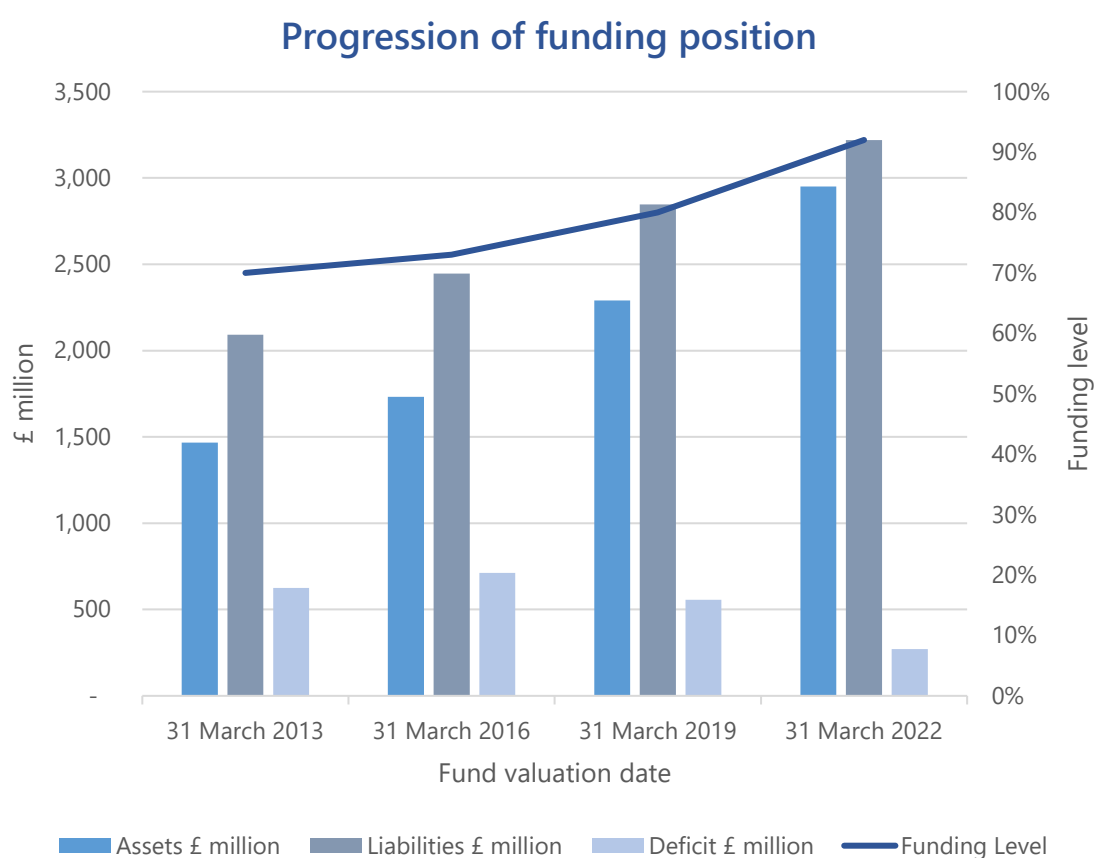
Area of Work	Comments
Employer Annual Meeting	Achieved. Held in Q3
Review Risk Register	Achieved
Responsible Investment	Achieved
Stewardship Code	Achieved
Member Training Programme	Achieved
Review AVC Provider	Achieved
Independent Investment Adviser contract	Achieved
tPR Single Code of Practice	Carried forward to 2023/2024
Good Governance	Carried forward to 2023/2024

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 2022, with the next one due 31 March 2025. The charts below show the results of the last three valuations.

Chart 1: Assets and Liabilities



At 31 March 2022, the Actuary, Barnet Waddingham estimated that the funding level stood at 92%.

Table 4: Contribution rates

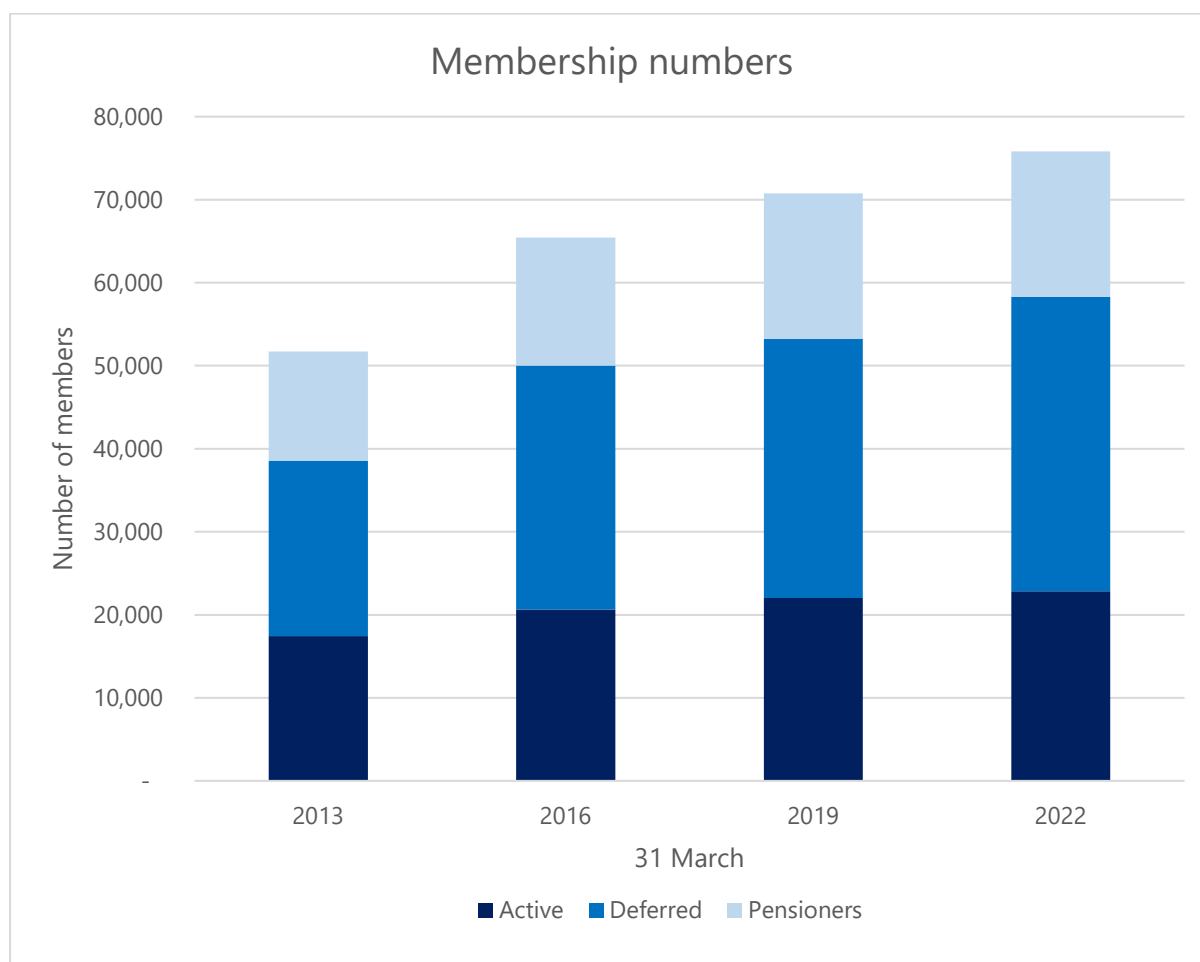
Valuation date	Contribution rate
31 March 2022	19.6%
31 March 2019	19.2%
31 March 2016	17.8%

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 and targets for 2022/2023.

Table 5: Pensions Administration Performance

Task	Number of tasks in 2022/23	Target number of days to complete task	Disclosure regulations & tPR standard days to complete	2022/2023 performance (completed within target)
Creation of member records	5,812	10	60	45%
Payment of refunds	479	10	60	65%
<i>Process retirement: Early and Normal</i>	345	10	30	85%
<i>Process retirement: Ill health</i>	55	10	30	84%
<i>Process retirement: Flexible</i>	16	10	30	94%
<i>Process retirement: Redundancy or efficiency</i>	33	10	30	94%
<i>Process preserved benefit into payment</i>	882	10	30	87%
Total retirements	1,331	--	--	89%
<i>Retirement estimate: Early and Normal</i>	826	10	60	79%
<i>Retirement estimate: Long-term forecasts</i>	243	20	60	76%
<i>Retirement estimate: Ill health</i>	70	10	60	90%
<i>Retirement estimate: redundancy or efficiency</i>	113	10	60	91%
Total retirement estimates	1,252	--	--	87%
Transfers in	206	35	60	99%
Transfers in (Local Government)	282	35	60	97%
Transfers out	43	10	90	67%
Transfers out (Local Government)	361	60	90	99%
Preserved Benefits	5,119	60	60	95%
Death entitlement	732	10	60	85%

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.

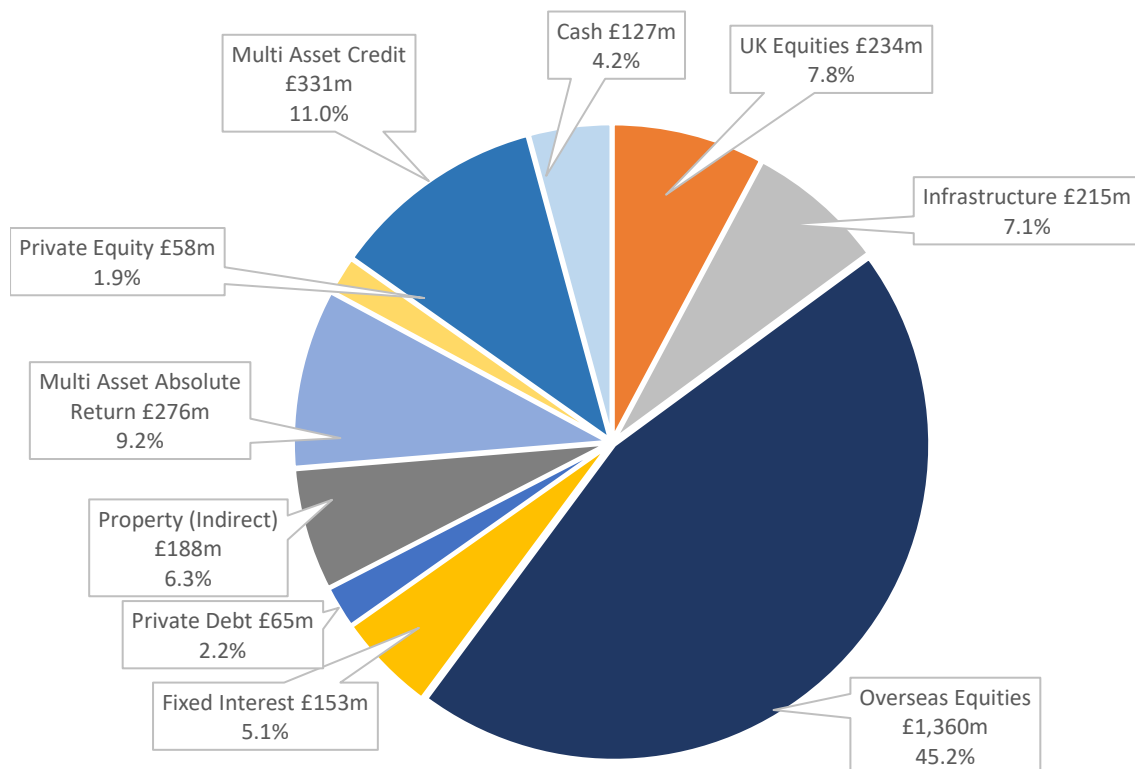
Table 6: Strategic Asset Allocation as agreed on 26 April 2022

Asset class	Long-term Target Allocation %	Allocation Range %
Listed Equities	50%	40%-60%
"Opportunities"	4.5%	0%-5%
Sub-total Growth	54.5%	---
Property	10%	5%-15%
Infrastructure (equity)	10%	5%-15%
Private Credit	5.0%	0%-10%
Multi-asset credit	7.5%	5%-12.5%
Absolute Return Multi Asset	3.0%	0%-3%
Sub-total Income	35.5%	--
Liquid Credit	10%	5%-15%
Cash	<1%	0%-2%
Sub-total Volatility and treasury management	10%	--
Grand total	100%	--

As at 31 March 2023 Bedfordshire Pension Fund was valued at £3,006.8 million (£2,997.1 million at 31 March 2022). The Fund was affected by market volatility during the year as markets took views on the recovery, inflation and geo-political events including the impact of the invasion of Ukraine.

Chart 3: Assets held

Assets Held as at 31 March 2023



2023/2024 Budget

Table 7: 2022/2023 budget

Item	2023/2024 £000	2022/2023 Original £000	Change £000	Change %
Investment management: basic fees	6,319	6,131	188	3.1
Investment management: fees for pooled funds	2,110	2,110	--	--
Investment management: performance related fees	0	0	--	--
Total Investment Management	8,429	8,241	188	2.3
Oversight and Governance	1,839	1,652	187	11.3
Administration: net running costs	193	101	92	91.1
Administration: computer costs	577	419	158	37.7
Fund Administration – Administering Authority Recharge	1,530	1,410	120	8.5
Total Administration	2,300	1,930	370	19.2
Grand Total	12,568	11,823	745	6.3

In addition to increased investment manager fees which are based on market values, the key changes to the budget relates to additional costs from Border to Coast, Administration which includes implementation of the McCloud judgement and associated ICT systems.

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. There are a number of recent legislative changes which the team will be working on in the coming year, not least progression on the McCloud.

Table 8: Pensions Administration workplan

Area of Work	2023/24	2024/25	2025/26	2026/27
Valuation – collection of data	--	--	Apr to Jul	--
Valuation Results to Employers	--	--	Nov to 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
I-Connect system implementation	Ongoing	--	--	--
McCloud Project	Ongoing	--	--	--
Legal Services Contract Retender	Apr to Dec			
Pensions Dashboard	TBC	--	--	--

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 and integration of ESG (economic, social and governance) into our investment decisions and monitoring.

Table 9: Investment and accounting workplan

Area of work	2023/24	2024/25	2025/26	2026/27
Investment Strategy Review	Sept	Jun	Jun	Jun
Investment Performance Review	Monthly	Monthly	Monthly	Monthly
Pooling – Asset Transfers	On-going	On-going	On-going	On-going
Manager meetings by Rotation*	Quarterly	Quarterly	Quarterly	Quarterly
Valuation	--	--	Sept - March	--
Employer Accounting Reports	Jul, Aug and Mar	Jul, Aug and Mar	Jul, Aug and Mar	Jul, Aug and Mar
Investment Benchmarking	Jun to Sept	Jun to Sept	Jun to Sept	Jun to Sept
Consultation responses	TBC	--	--	--

Governance

Table 10: Governance workplan

Area of work	2023/24	2024/25	2025/26	2025/26
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	Dec	Dec	Dec	Dec
Review Risk Register	Monthly	Monthly	Monthly	Monthly
Responsible Investment	December	December	December	December
Stewardship Code	Apr to Sept	Apr to Sept	Apr to Sept	Apr to Sept
Member Training Programme	June	June	June	June
Independent Investment Adviser contract (CC)	--	--	Apr to Jun	--
Investment Consultant contract	By March 2024	Oct to Mar	--	--
tPR Single Code of Practice	TBC			
Good Governance	TBC			

Committee Meeting Plan

Forward Plan – 2023/2024 Committee Meetings

Meeting	Agenda Item
June 2023	Pensions Administration Performance Update Investment Performance Report Investment Strategy Draft Statement of Accounts Risk Register Pension Fund Training Plan Governance Policy Review Regulation Update LGPS Pooling Update Minimum Risk Employers Border to Coast Global Real Estate Proposition
September 2023	Pensions Administration Performance Update Investment Performance Report Annual Report Internal Audit Review External Audit Review Budget and Cash Flow Monitoring to June 2023 Risk Register Regulation Update LGPS Pooling Update Stewardship Report
November 2023	Pensions Administration Performance Update Investment Performance Report Budget and Cash Flow Monitoring to September 2023 Regulation Update Myners Principles LGPS Pooling RI Policy and Corporate Voting Guidelines Risk Register Business Plan Update Review Investment Consultant and Independent Advisor Objectives

Meeting	Agenda Item
January 2023 (new)	Pensions Administration – Performance Update Investment Performance Report Budget and Cash Flow Monitoring to December 2023
March 2024	Proposed Budget for 2024/2025 Investment Strategy Statement Review Business Plan 2024 - 2028 Pension Fund Strategies and Policies Regulation Update LGPS Pooling

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
May 2023	Board Chairman's Update to Pensions Committee Pensions Administration Performance Update Risk Register Regulation Update Pension Board Annual Report Work Programme Review Appointment of chair contract
July 2023	Board Chairman's Update to Pensions Committee Pensions Administration Performance Update Pension Fund Annual Report and Accounts Risk Register Review Regulation Update Work Programme Review Pooling Update Training Plan review Terms of Reference Review Pensions Board Self Assessment
October 2023	Board Chairman's Update to Pensions Committee Pensions Administration Performance Update Risk Register Regulation Update Training Plan tPR Single Code of Practice Review/consultation Work Programme Review

Meeting	Agenda Item
January 2024	Board Chairman's Update to Pensions Committee Pensions Administration Performance Update Regulation Update Risk Register Review Work Programme Review Pooling Update

Staff Resources

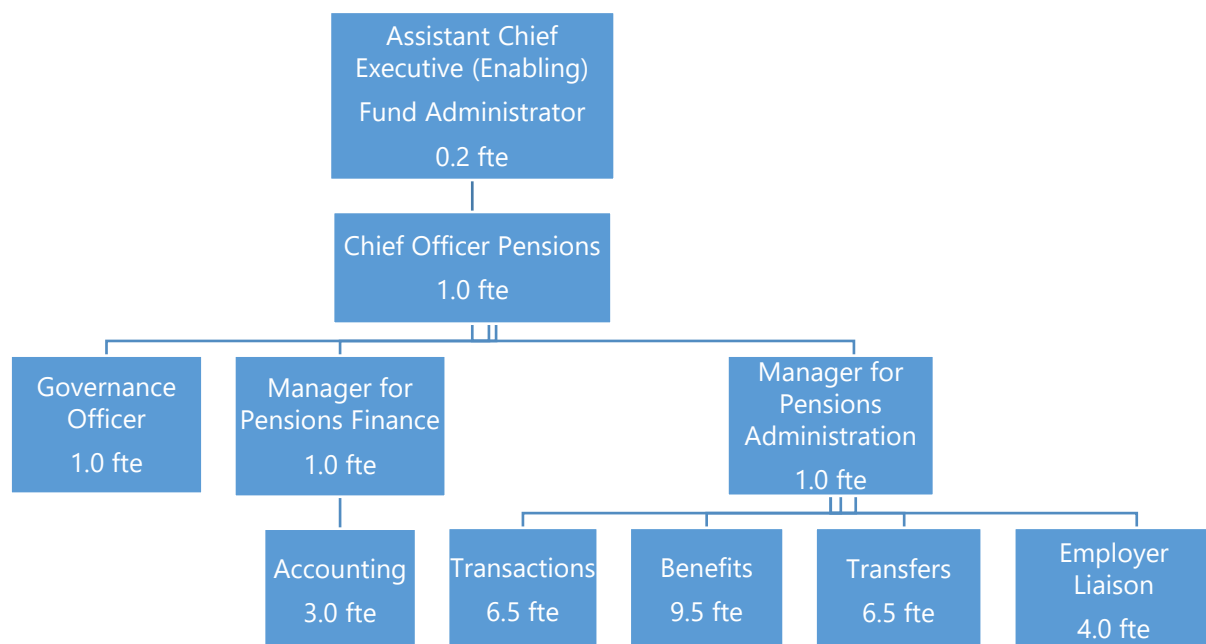
Bedford Borough Council as the administering authority for Bedfordshire Pension Fund provides the staffing establishment for the Pension Fund. Responsibility for the day to day operation of the Fund is delegated to the Council's Section 151 Officer.

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, as approved by the Pensions Committee. Elements of this structure are still subject to restructuring and recruitment.:



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. Some of the key risks are set out below:

- The remedy for McCloud case is likely to cause administrative challenge to implement and increase costs of benefits and administration.
- 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.
- Long term investment returns, and the ability of the Fund to achieve sufficient risk adjusted returns in light of the current inflationary environment which will improve the Fund's funding position.
- Changes in legislation requiring an increased focus on Environmental, Social and Governance (ESG) factors.
- Increased workload resulting from the number of initiatives (SAB, CIPFA, tPR, FRC, DLUHC) for example Good Governance and Single Code of Practice.