



Bedfordshire Pension Fund

Business Plan 2021 – 2025

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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 Pensions and the Manager for Pensions Administration. The Pensions Team has responsibility for all operational 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 Border to Coast is ongoing.

The purpose of this document is to set out a business plan for the Pension Fund for the period 2021-2025 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.

Review of 2020/2021

During 2020/2021 the Fund focussed on delivering essential services to its Members through the pandemic. The Pensions Regulator asked LGPS Funds to ensure that payments to pensioners continued along with new pensions put in to payment and paying out death grants to those families in need.

The Pensions Administration and Investment Teams began working from home in March 2020 and, at the time of writing, continue to do so. Staff were provided with laptops, monitors and other equipment to enable them to work at home however, this has inevitably had an impact on performance in certain areas, which can be seen on page 8.

The Council has put in place not only support to the public, but also to its staff, and there is a range of support and training available to staff to promote health and wellbeing in addition to the extra team and one-to-one meetings held to ensure staff are not isolated.

For Employers a Deferred Contributions Policy was put in place to assist those employers that may be experiencing cashflow problems as a result of the national and local lockdowns.

The tables below show the objectives set for 2020/2021 and the progress update; where projects will be continuing into 2021/2022 these objectives have been included in the workplan later in this report.

Table 1: Pensions Administration Workplan 2020/21

Area of Work	Comments
Annual Submission of Data for Employers	Achieved
Guaranteed Minimum Pension Review	Delays with HMRC Project to be carried forward to 2021/22
Administration Performance Review	Achieved
Annual Benefit Statements	Achieved
Policy Review	Achieved
I-Connect system business case	Delays due to COVID-19 the project will be started in 2021/22

Table 2: Pensions investment and accounting Workplan 2020/2021

Area of Work	Comments
Investment Strategy Review	Achieved
Investment Performance Review	Achieved
Review of Equity Holdings	Achieved
Pooling – Asset Transfers	Achieved
Manager meetings by Rotation	Meetings held in January and February
Employer Accounting Reports	Achieved

Table 3: Governance Workplan 2020/21

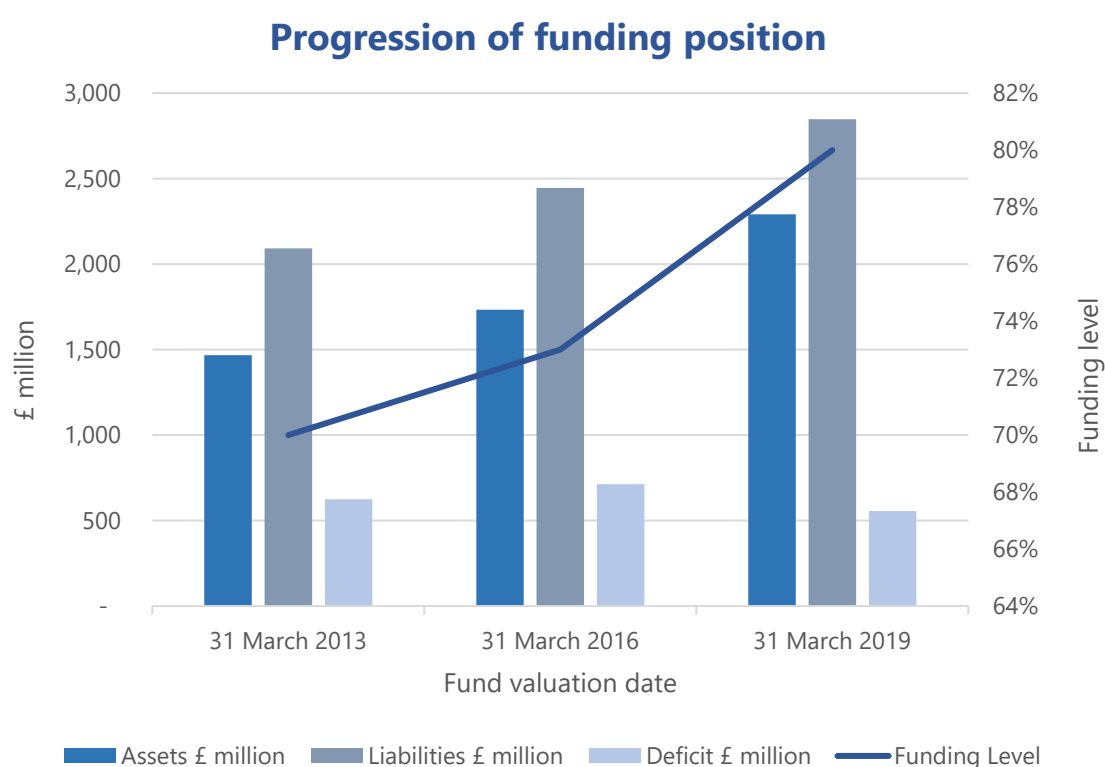
Area of Work	Comments
Annual Report and Accounts	Achieved
Local Pension Board Meeting	Achieved
Employer Annual Meeting	Meeting delayed due to COVID-19 employer workshops being held in April 2021
Review Risk Register	Achieved
Responsible Investment	Achieved
Stewardship Code	Initial work commenced in 2020/21 ahead of schedule
Member Training Programme	Achieved
Investment Consultant contract	On track to be achieved

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



At 31 March 2020, the Actuary, Barnet Waddingham estimated that the funding level remained at 80%.

Table 4: Contribution Rates

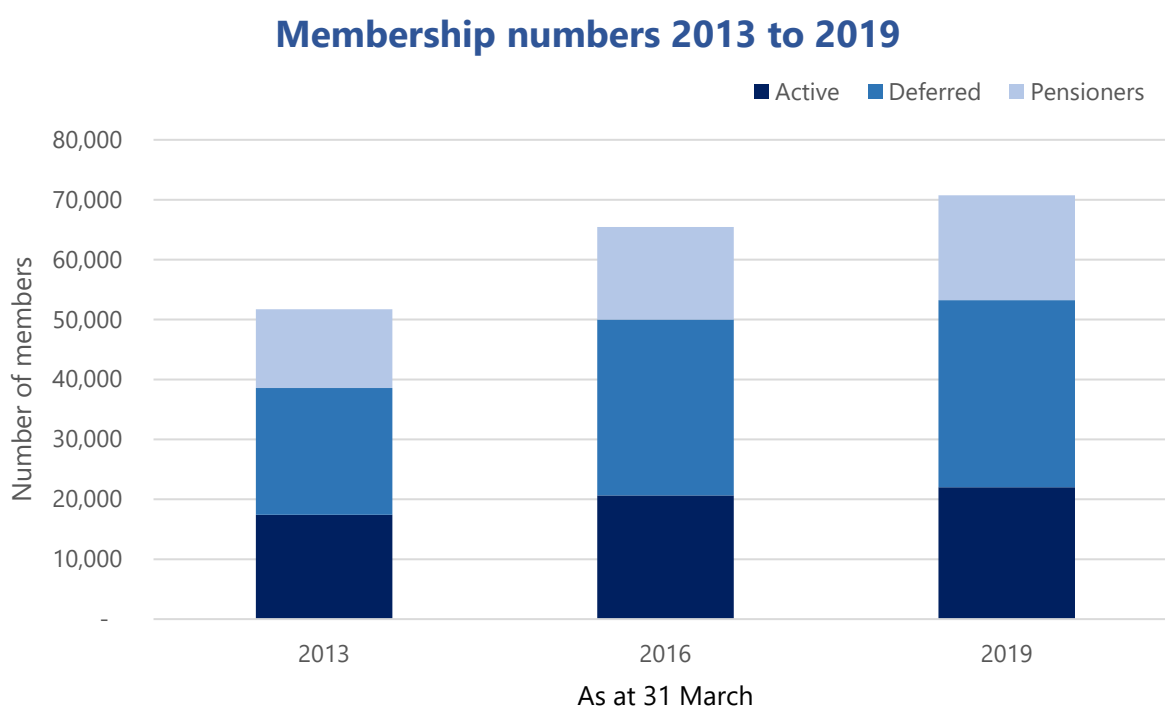
Valuation date	Contribution rate
31 March 2019	19.2%
31 March 2016	17.8%
31 March 2013	13.9%

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 2020/2021 and targets for 2021/2022.

Table 5: Pensions Administration performance

Task	Number of tasks in 2020/21	Target number of days to complete task	Disclosure regulations & tPR standard days to complete	2020/2021* performance (completed within target)
Creation of member records	2,846	10	60	52%
Payment of refunds	417	10	30	100%
<i>Process retirement: Early and Normal</i>	218	10	30	84%
<i>Process retirement: Ill health</i>	29	10	30	93%
<i>Process retirement: Flexible</i>	12	10	30	92%
<i>Process retirement: Redundancy or efficiency</i>	28	10	30	88%
<i>Process preserved benefit into payment</i>	594	10	30	90%
Total retirements	881	--	--	89%
<i>Retirement estimate: Early and Normal</i>	528	10	60	86%
<i>Retirement estimate: Long-term forecasts</i>	113	20	60	96%
<i>Retirement estimate: Ill health</i>	32	10	60	78%
<i>Retirement estimate: redundancy or efficiency</i>	256	10	60	94%
Total retirement estimates	929	--	--	89%
Transfers in	129	35	60	98%
Transfers in (Local Government)	154	35	60	99%
Transfers out	32	10	90	81%
Transfers out (Local Government)	176	60	90	99%
Preserved Benefits	863	60	60	36%
Death entitlement	461	10	60	96%
Note figures as at 31 December 2020				

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.

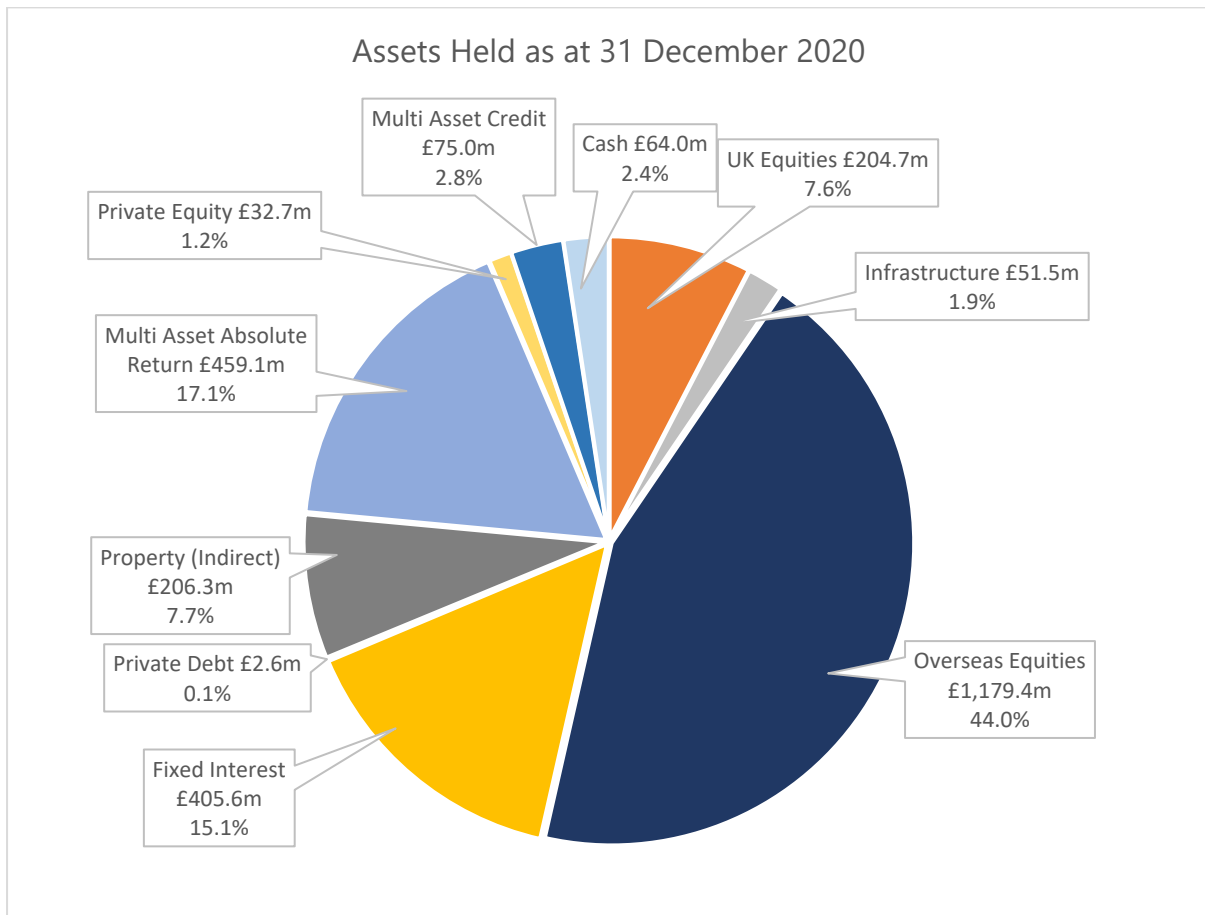
The Investment Strategy Statement sets out the Fund's Asset Allocation.

Table 6: Strategic Asset Allocation

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 December 2020 Bedfordshire Pension Fund was valued at £2,681.0 million (£2,200.2 million at 31 March 2020). The Fund was affected by market volatility at the end of the 2019/2020 financial year as a result of the pandemic, however markets substantially recovered during the year, with the investments closing the calendar year at its highest value.

Chart 3: Assets held



2021/22 Budget

Table 7: 2021/2022 Budget

	2021/2022 £000	2020/2021 Original £000	Change £000	Change %
<i>Investment management: basic fees</i>	5,081	4,692	389	8.3
<i>Investment management: fees for pooled funds</i>	2,110	1,956	154	7.8
<i>Investment management: performance related fees</i>	300	300	--	--
Total Investment Management	7,491	6,948	543	7.8
Oversight and Governance	1,319	1,071	248	23.1
<i>Administration: net running costs</i>	121	133	-12	-9.1
<i>Administration: computer costs</i>	374	274	100	36.5
<i>Fund Administration – Administering Authority Recharge</i>	1,270	1,250	20	1.6
Total Administration	1,765	1,657	108	6.5
Grand Total	10,575	9,676	899	9.3

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, and the one-off implementation costs of the I-Connect system.

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 2020/2021 a number of new legislative changes were introduced which the team will be working on in the coming year, not least progression on the McCloud case and the potential introduction of an Exit Cap to public sector workers.

Table 8: Pensions Administration workplan

Area of Work	2021/22	2022/23	2023/24	2024/25
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	Sept to Mar	Ongoing	Ongoing	--
McCloud Project	Sept to March	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 and integration of ESG (economic, social and governance) into our investment decisions and monitoring.

Table 9: investment and accounting workplan

Area of work	2021/22	2022/23	2023/24	2024/25
Investment Strategy Review	March	March	March	March
Investment Performance Review	Monthly	Monthly	Monthly	Monthly
Review of Equity Holdings	Apr to Sept	--	--	--
Pooling – Asset Transfers	On-going	On-going	On-going	On-going
Manager meetings by Rotation*	Quarterly	Quarterly	Quarterly	Quarterly
Valuation	Apr to Jul	Apr to Mar	--	--
Employer Accounting Reports	July, August and March	July, August and March	July, August and March	July, August and March
Investment Benchmarking	June to Sept	June to Sept	June to Sept	June to Sept

Governance

Table 10: Governance workplan

Area of work	2021/22	2022/23	2023/24	2024/25
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 to Sept	Ongoing	Ongoing	Ongoing
Member Training Programme	June	June	June	June
Review AVC Provider	September	--	--	--
Independent Investment Adviser contract		Apr to June	--	--
Investment Consultant contract	--	--	Oct to Mar	--

Committee Meeting Plan

Forward Plan – 2021/2022 Committee Meetings

Meeting	Agenda Item
June 2021	Pensions Administration – Performance Update Investment Performance Report Draft Statement of Accounts Risk Register Pension Fund Training Plan Governance Policy Review Regulations Update LGPS Pooling Update
September 2021	Pensions Administration Performance Update Investment Performance Report Annual Report Internal Audit Review External Audit Review Budget and Cash Flow Monitoring to June 2021 Business Plan monitor Regulation Update LGPS Pooling Update Valuation Update
November 2021	Pensions Administration – Performance Update Investment Performance Report Budget and Cash Flow Monitoring to September 2021 Asset Allocation – Annual Review (including Benchmark review) Regulation Update Review Myners Principles LGPS Pooling RI Policy and Corporate Voting Guidelines Risk Register Review

Meeting**Agenda Item**

Review Investment Consultant and Independent Advisor Objectives

March 2022

Pensions Administration – Performance Update

Budget and Cash Flow Monitoring to December 2021

External Audit Plan

Proposed Budget for 2021/2022

Investment Strategy Statement Review

Business Plan 2022 - 2026

Pension Fund Strategies and Policies

Regulation Update

LGPS Pooling

Valuation Update

Independent Governance Review (IGR)

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 2021

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
Pensions Administration – Performance Update
Risk Register Review
Regulation Update
Breaches log Review

July 2021

Board Chairman's Update to Pensions Committee
Pension Fund Annual Report and Accounts
Pensions Administration – Performance Update
Regulation Update
Breaches log Review
tPR Engagement Report
Training Plan
Risk Register Review
Work Programme Review
Pooling Update
Local Pension Board Self-Assessment

Meeting

Agenda Item

October 2021

Board Chairman's Update to Pensions Committee
Pensions Administration – Performance Update
Regulation Update
Breaches log Review
Code of Practice Review
Risk Register Review
Work Programme Review

January 2022

Board Chairman's Update to Pensions Committee
Pensions Administration – Performance Update
Regulation Update
Breaches log Review
Risk Register Review
Pooling Update
Work Programme Review

Staff Resources

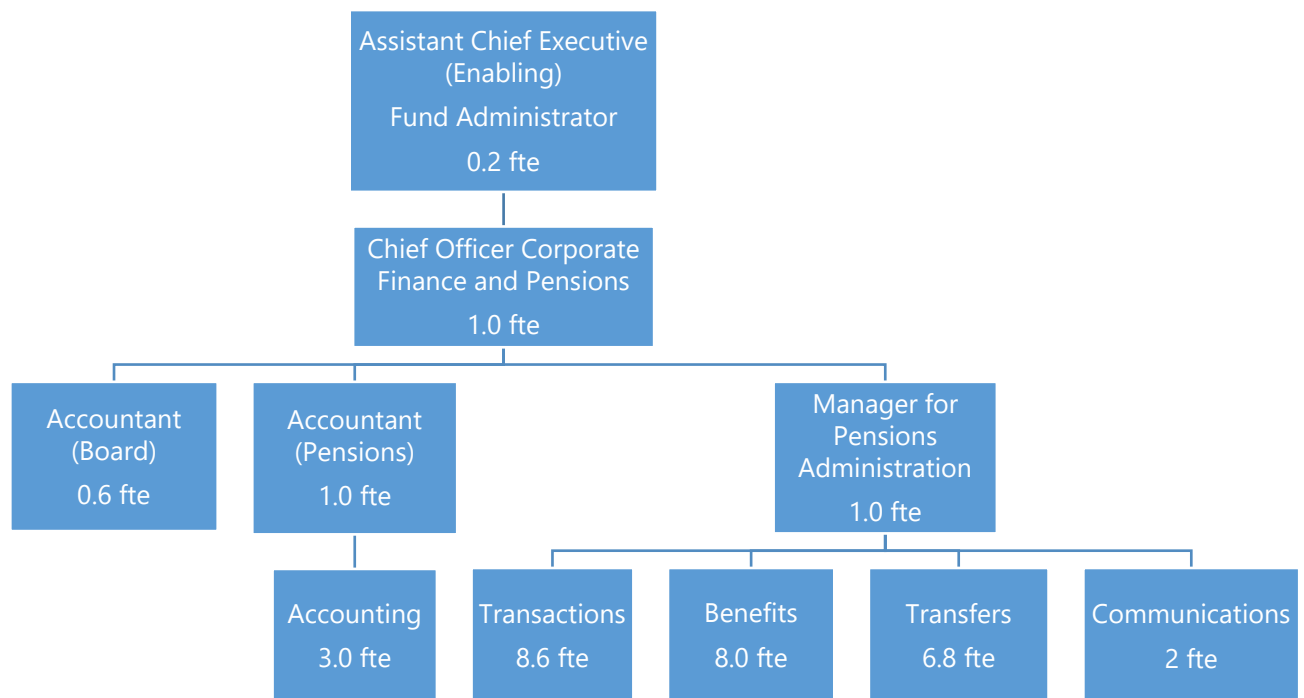
Bedford Borough Council as the administering authority for Bedfordshire Pension Fund provides the staffing establishment for the Pension Fund. Responsibility for the day to day operation of the Fund is delegated to the Council's Section 151 Officer.

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:



The structure of the Team is being reviewed at the March 2021 Pension Committee to support the delivery of the new projects discussed in this Business Plan.

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 revised legislation to enact the proposed exit payment cap on public sector employees.
- Anticipated new regulations in relation to the management of employer risk.
- Introduction of the Good Governance Report
- 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 and cessations.
- 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.