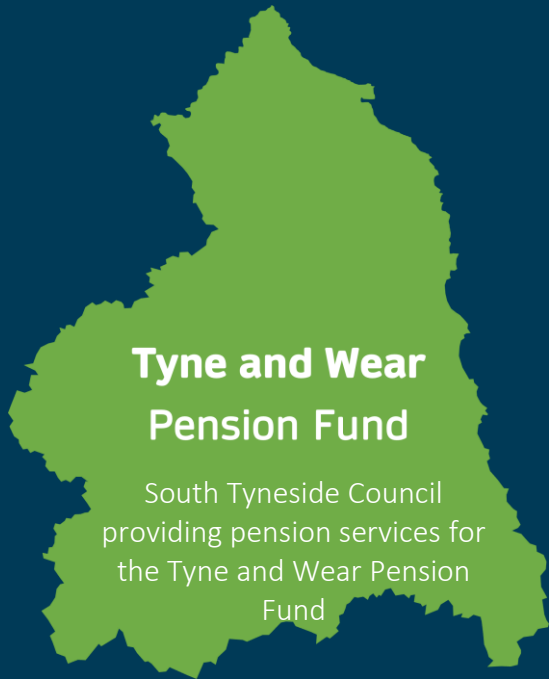


Tyne and Wear Pension Fund

Pensions Service Plan 2024-2027



Tyne and Wear Pension Fund

South Tyneside Council
providing pension services for
the Tyne and Wear Pension
Fund



	<u>Page</u>
Contents	
<u>About the Service Plan</u>	1
Introduction	1
Purpose	1
Contact for Further Information	1
<u>Vision Statement</u>	2
<u>Service Profile</u>	3
Background	3
Merger with Northumberland County Council Pension Fund	3
Investment Pooling	3
Structure	5
Budget	11
<u>Strategic Context</u>	12
<u>Aims, Objectives and Actions</u>	
Introduction	13
Promoting Membership	13
Review of the Funding Level	14
Valuation Process and Setting of Employers' Contributions	16
Investment Strategy and the Investment Management Structure	19
Approach to Managing Climate Risks and Opportunities	27
Organisational Structure and Other Staffing Issues	30
Joint Working with Other Administering Authorities	34
Pension Systems	35
Pension Processing	37
Data Security	41
Performance Management	42
Financial Management	42
Risk Management	43
Equality, Diversity and Inclusion	44
Governance Structure	45
Communications	48
Communicating with Employers	49
Communicating with the Membership	49
	51



About the Service Plan

Introduction

1. This plan sets out the aims, objectives and actions that we need to achieve in the three-year period from 2024/25 to 2026/27 to meet our vision.
2. The plan is reviewed annually and builds on the plans prepared for earlier years.
3. The Vision Statement is reviewed annually and updated if appropriate.
4. The objectives and actions that underpin the Vision Statement have been developed from year to year.
5. Where appropriate, this plan is supplemented by operational plans that describe in greater detail how we intend to achieve our objectives and actions.

Purpose

6. We have prepared the plan to:
 - ensure compliance with statutory requirements, codes of practice and best practice,
 - monitor and improve performance against the aims, objectives and actions,
 - inform stakeholders about the Fund and support our accountability to them,
 - ensure continuous improvement to the service, and
 - help provide the service our customers expect.

Contact for Further Information

7. If you would like further information, please contact us at pensions@southtyneside.gov.uk or contact the Pensions Helpline on 0191 424 4141 during office hours.

Vision Statement

8. Our goal is to provide an efficient, affordable and attractive pension arrangement that is regarded by employers and members as being an important and valued part of the employment package and to be recognised as being amongst the leading UK pension funds.

We will aim to:

- promote membership of the Fund,
- keep contributions as low and as stable as possible through effective management of the Fund,
- invest the assets in a responsible manner,
- work with our partners to provide high quality services to employers and members, and
- make pension issues understandable to all.

We will know we are succeeding when:

- we are consistently achieving our investment objective,
- there is sufficient money in the Fund to cover all benefits, and
- we are consistently achieving our standards of service to employers and members.

Service Profile

Background

9. South Tyneside Council is the Administering Authority and Scheme Manager for the Local Government Pension Scheme in the administrative areas of Tyne and Wear and Northumberland. Membership of the Fund is open to employees of the five district councils in Tyne and Wear, Northumberland County Council and a wide range of other bodies that provide a service in these areas.

Merger of Northumberland County Council Pension Fund into the Tyne and Wear Pension Fund

10. In January 2018, South Tyneside Council entered a shared service arrangement with Northumberland County Council to provide pension administration services.
11. Shortly after the shared service arrangement was established, discussions commenced about merging the Northumberland County Council Pension Fund into the Tyne and Wear Pension Fund, with South Tyneside Council as the administering authority for the newly merged fund.
12. This merger process was completed in early June 2020, with the effective date being backdated to 1st April 2020.

Investment Pooling

13. In November 2015, the Government issued an Investment Reform Criteria and Guidance document inviting proposals for asset pooling. On 1st November 2016 the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (“the Investment Regulations”) came into force. These Regulations required that the then 89 separate Local Government Pension Scheme Funds in England and Wales combined their assets into a small number of investment pools.
14. The Guidance issued with the Investment Regulations stated that each LGPS administering authority must commit to a suitable pool to achieve benefits of scale and confirm that their chosen investment pool met the Investment Reform Criteria and Guidance issued in November 2015. The Secretary of State has direction and intervention powers if not satisfied that an administering authority is complying with its obligations in relation to the Investment Regulations.
15. In response to this initiative, the Fund joined with 11 other administering authorities (including Northumberland County Council) to create a Financial Conduct Authority (FCA) regulated asset management company in order to pool the pension fund assets of all these

administering authorities. The company created is called Border to Coast Pensions Partnership Limited (Border to Coast). On set up, each administering authority was a one-twelfth owner of this company.

16. The merger of the Northumberland County Council Pension Fund into the Tyne and Wear Pension Fund resulted in a need to amend the ownership structure of Border to Coast. Northumberland County Council withdrew from Border to Coast and each remaining administering authority became a one-eleventh owner of the company. These changes to the ownership structure were completed in 2020.
17. The first assets to be transferred to Border to Coast from the Fund were UK equities in 2018/19. Since then, global equities, emerging market equities, corporate bonds, and assets invested in multi asset credit have transferred and are being managed by Border to Coast. In addition, the Fund has committed to and invested in the private markets programmes at Border to Coast covering private equity, infrastructure, private debt, climate opportunities and global property. Further assets will follow in 2024/25 and beyond. The intention is that over time, Border to Coast will invest the vast majority of the Fund's assets and that the benefits of scale will deliver economies, whilst at the same time having the potential to improve investment performance.
18. The 11 funds which form Border to Coast are:
 - Tyne and Wear Pension Fund,
 - Bedfordshire Pension Fund,
 - Cumbria Pension Fund,
 - Durham County Council Pension Fund,
 - East Riding Pension Fund,
 - Lincolnshire Pension Fund,
 - Teesside Pension Fund,
 - North Yorkshire Pension Fund,
 - South Yorkshire Pensions Authority,
 - Surrey Pension Fund, and
 - Warwickshire County Council Pension Fund.

19. Under these pooling arrangements, we will remain responsible for setting the funding strategy and the high-level investment strategy, e.g. the appropriate asset allocation for the Fund. The main difference is that we will no longer be appointing and monitoring investment managers directly. Instead, the Fund will be monitoring the performance of Border to Coast itself and the investments it has made on our behalf.
20. By the end of December 2023 around £40 billion of the assets from all 11 funds were under the management of Border to Coast. This includes around £5 billion from Tyne and Wear. The overall process to transfer the day-to-day management of these assets to Border to Coast will take several years to complete.
21. In addition to the assets being directly managed by Border to Coast, the Fund has indirectly benefited from pooling by undertaking a collective procurement of its passive investments (including a factor based equity fund), alongside the other funds in Border to Coast. The value of these passive assets as at the end of December 2023 was £3.6 billion.
22. Therefore, overall, the Fund has around £8.6 billion or 69% of its assets which are either directly pooled or are under a pooled arrangement.

Structure

23. South Tyneside Council (the Council) has set up a Pensions Committee to govern the Fund and a Local Pension Board to assist the Committee in this role.
24. The Council is organised into a number of directorates. The Fund is administered by the Pensions Service, which is part of the Business and Resources Directorate.
25. In recent years, the Pensions Service has undertaken a structural review. This was to ensure it could meet the ever increasing demands on the Service with an increased focus on governance, funding and service delivery.
26. The first phase of the restructure was to create a new Governance and Funding Office, alongside the existing Investment Office and Pensions Office. The second phase focussed on the Pensions Office where the team structure changed from multi disciplinary teams to teams with a greater focus in certain areas. This also included the creation of specialist teams for member and employer services.
27. The Fund has a long-term staffing establishment of 80 full time equivalent posts. This excludes any apprentice posts, although any costs for such posts are included in the budget.

28. The Pensions Service staff have a wide range of experience and professional and management skills, including financial, investment, money market, pensions, communications, legal, governance and ICT.
29. The Head of Pensions oversees the overall running of the Fund.
30. The Service is organised into the Investments Office, the Pensions Office and the Governance and Funding Office.
31. The Investments Office is responsible for:
 - devising, implementing and keeping under review the investment policy and investment management structure. The assets were valued at £12.9 billion as at December 2023,
 - monitoring the performance of Border to Coast, the investment managers and custodians and, when appropriate, reviewing and replacing those organisations,
 - implementing the Government's initiative on pooling investments and the transfer of assets to Border to Coast,
 - the financial management of the Pensions Service, including preparation of the budget, budget monitoring, final accounts and production of the Annual Report and Accounts,
 - the financial administration for the investment of the Fund, including settling transactions, reconciling portfolios and ensuring that all investment income and recoverable tax is received. In 2022/23, the turnover of investments was £2.6 billion and the investment income was £125 million,
 - the financial administration of pensions for over 300 employers, including the collection and reconciliation of employer and employee contributions from around 180 employers in relation to 57,000 active members. In 2022/23, contributions and transfers-in totalled £325 million.
32. The Investments Office is also responsible for the money market and borrowing related aspects of the Council's Treasury Management function.
33. The responsibilities of the Pensions Office include:
 - the payment of pension benefits to 65,000 pensioner members and their dependents. In 2022/23, pension benefits and payments to leavers totalled £424 million,
 - the maintenance and security of records in relation to 173,000 members,

- the provision of annual benefit statements,
- ensuring compliance with statutory requirements and timescales on the payment of benefits and communications with members,
- maintaining an effective and efficient pensions administration system,
- scheme member and employer engagement and service delivery,
- devising and delivering training, consultation and communication strategies for the employers and members, and
- devising, implementing and keeping under review the Additional Voluntary Contribution arrangements.

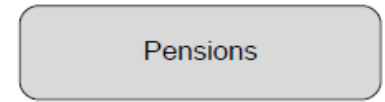
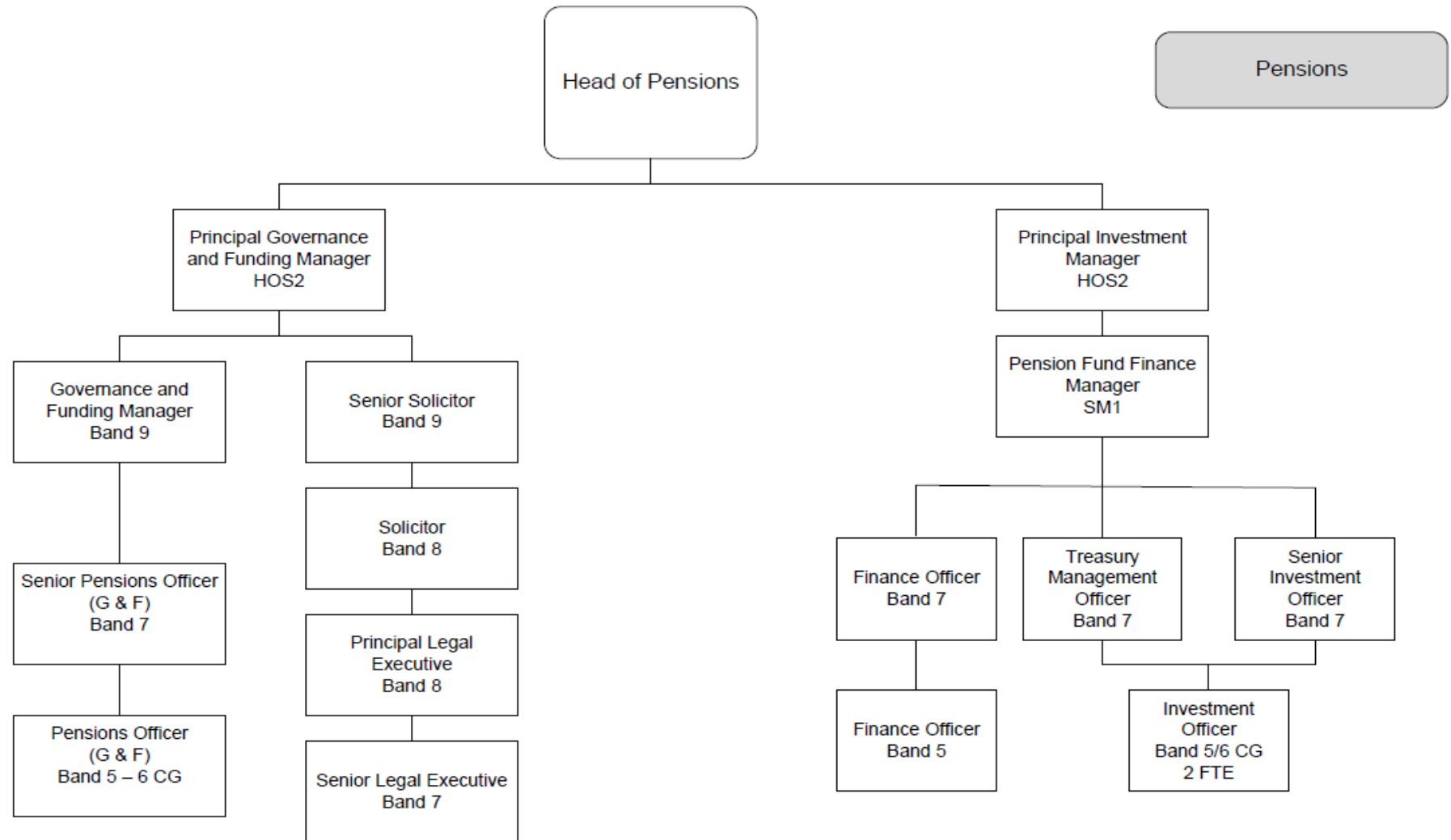
34. The Governance and Funding Office is responsible for:

- managing the funding strategy and the actuarial valuations to ensure that employers pay an appropriate contribution,
- managing the admission and withdrawal of employers as well as overseeing the procedures relating to transfers of staff between employers. Maintaining the employer database,
- ensuring appropriate safeguards are in place in respect of employers by monitoring the covenant strength of employers on an ongoing basis and ensuring appropriate bonds and/or guarantees are in place,
- oversight and co-ordination of the overall governance framework for the Fund,
- co-ordinating the management of risk within the Pensions Service,
- monitoring and ensuring compliance with appropriate regulations, codes of practice and other best practice standards,
- the provision of an internal legal service,
- overseeing appropriate engagement by the Fund in respect of consultation exercises by the Department for Levelling Up, Housing and Communities (DLUHC), Scheme Advisory Board, the Pensions Regulator or other appropriate bodies,

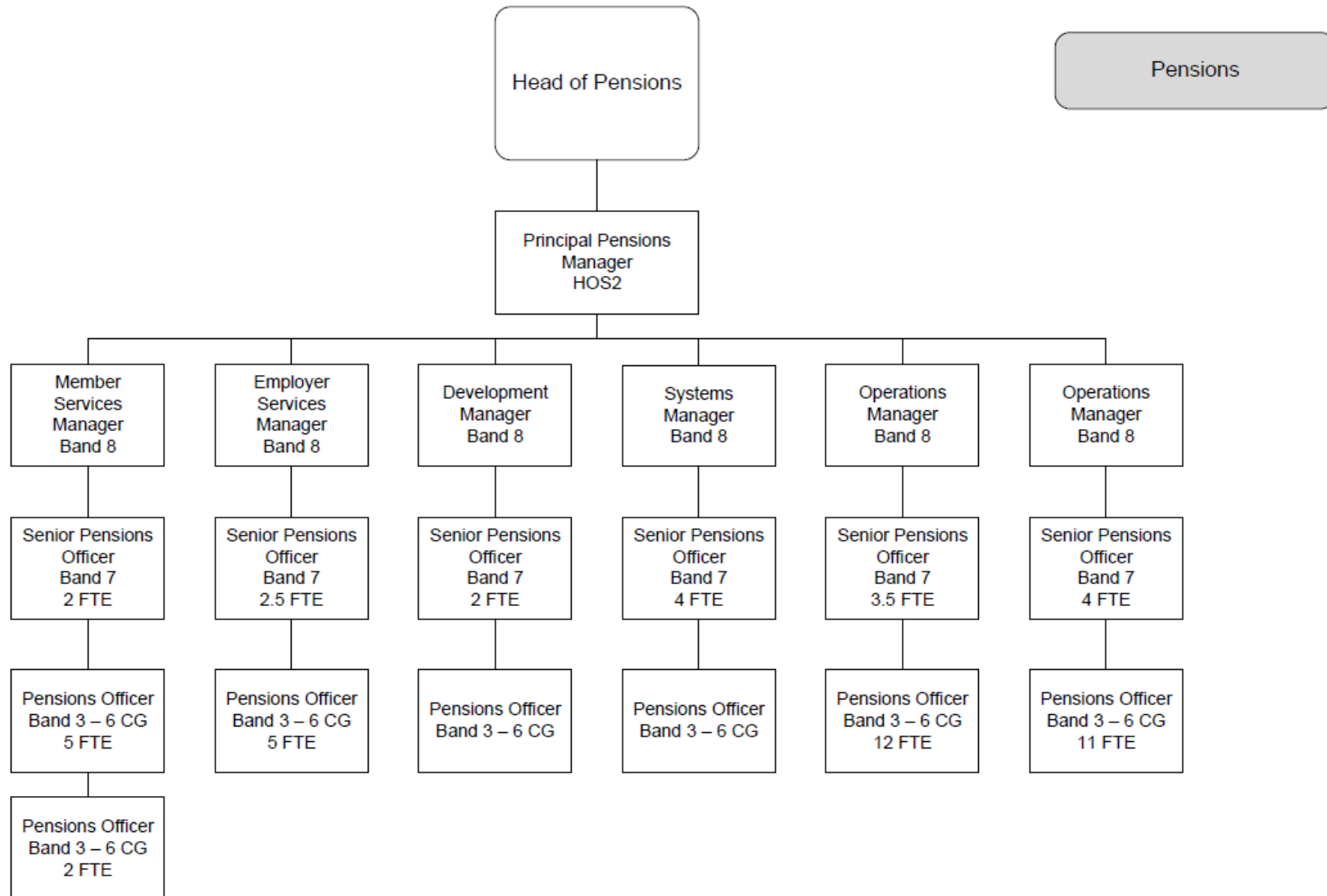
- the training and communication strategy for the Pensions Committee and the Local Pension Board.

35. The long-term establishment is shown on the following two pages.
36. In addition to the permanent long-term staffing establishment, the Fund can and does utilise temporary staff in order to address backlogs of work and / or to deliver specific projects.

TYNE AND WEAR PENSION FUND – ORGANISATIONAL CHART (PART ONE)



TYNE AND WEAR PENSION FUND – ORGANISATIONAL CHART (PART TWO)



Budget

37. The Scheme Regulations allow the cost of the Pensions Service to be charged against the Fund.
38. We have prepared a three year financial plan that provides for the delivery of the aims identified in this plan.
39. A breakdown of the budget is shown below. The total cost shown is very much a provisional figure because the largest single component is the investment management fees which are dependent on the performance and market value of the Fund.

Year	2023/24 £'m	2024/25 £'m	2025/26 £'m	2026/27 £'m
Investment M'gmt Expenses	174.913	207.178	223.386	252.870
Investments Office	1.528	1.498	1.554	1.547
Pensions Office	3.886	4.348	4.097	4.179
Governance & Funding Office	1.064	1.1	1.205	1.141
Total	181.391	214.124	230.242	259.737

40. For 2024/25, the cost of running the Fund has been estimated at £214.124 million. The cost excluding Investment Management Expenses is £6.946 million.
41. The budget has been prepared in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) best practice guidance for local government pension scheme accounting.
42. The Budget is split over four main areas, as follows:
- Investment Management Expenses. This dominates the overall budget. This budget has been compiled in line with industry best practice and is considered to be a full estimate of fees, expenses and costs associated with the investment management of the Fund.
 - Investment Office. This covers the costs of investing the Fund and monitoring and controlling the investment assets of the Fund. This budget also covers those costs from pooling that do not directly relate to the management of assets with Border to Coast.
 - Pensions Office. This budget covers those costs associated with providing the pensions administration service to all members and employers.

- Governance and Funding Office. This covers all costs around governance, funding and valuation issues, the provision of an internal legal service and includes the running costs of the Pensions Committee and the Local Pension Board.
43. The budget for 2024/25 shows an increase of £32.733 million over the 2023/24 budget. Further increases are forecast of £16.118 million in 2025/26 and £29.495 million in 2026/27.
 44. These increases are largely attributed to increased investment management expenses related to private market investments. These typically attract higher fees than quoted assets, but also have produced greater investment returns net of fees. The Fund is continuing to increase its use of these type of investments.
 45. As in previous years, the standstill pressures relate mainly to staffing costs, regulatory requirements and other inflationary increases included within contracts. With inflation at the current levels these increases are typically larger than usual. In 2025/26, these standstill pressures are largely offset by some temporary staffing contracts coming to an end. This temporary staffing is being used to help deliver specific regulatory change projects.
 46. Within the Investment Office Budget there is a reduction in costs in relation to the ongoing operating charges from Border to Coast for 2024/25. This is because Border to Coast is moving into a “business as usual” phase, with reduced development work. The cost of progressing UK and overseas tax claims is also expected to reduce over the coming years as these claims are settled.
 47. The budget for external ICT includes growth for a number of new initiatives to help drive efficiencies on pensions processing.

Strategic Context: PEST and SWOT Analysis

48. To assist with the production of this Service Plan, a detailed analysis has been undertaken of the main external influences affecting the Fund. This is set out in the PEST Analysis which can be found in Annex A of the Service Plan.
 49. In addition to the PEST Analysis, a detailed assessment has been undertaken of the strengths, weaknesses, opportunities and threats for the Fund. This is set out in the SWOT Analysis which can be found in Annex B of the Service Plan.
-

Aims, Objectives and Actions

Introduction

50. The five aims of the Vision Statement can be found on page 2 of this Service Plan. Objectives and actions are then set for each of the aims.
51. This part of the Service Plan sets out the objectives and actions that the Service will undertake over the three year period. A summary of the aims, objectives and actions can be found in Annex C to the Service Plan.

Promoting Membership

Aim 1 – Promote membership of the Fund

52. All of our actions seek to enhance the value of the Fund to employers and members and thereby contribute towards the first aim of promoting membership. However, Objective 1 will make a particular contribution towards meeting this aim. This is set out below.

Objective 1 - Promote membership of the Fund to new and existing employers and members

53. The PEST analysis refers to the ongoing reorganisation of public services and the impact that declining active membership could have on the Fund and on the Scheme as a whole. We must counteract this by promoting new or continuing membership of the Fund as an attractive benefit to employers and members.
 54. The Fund's communications strategy is set out in its Communications Policy Statement, which refers to the promotion of the Scheme to prospective members and their employer.
 55. The requirement to automatically contractually enrol certain staff into the Scheme and auto enrolment are of importance to this area, as is the co-operation and support of employers.
 56. The Fund endeavours to take a customer focussed approach to provide members and employers with confidence in the Fund and the Scheme. The recent review of the organisational structure of the Pensions Service has led to the creation of a specific Employer Services Team and a Member Services Team. This recognises the difference between the two main categories of "customers" and ensures that a bespoke service can be developed for each. This should assist in promoting the benefits of the Fund to both employers and members.
-

57. HM Treasury introduced 'Fair Deal for staff pensions: staff transfer for central government' in October 2013 (widely referred to as 'New Fair Deal'). This non-statutory policy guidance removed the option of a 'broadly comparable' pension provision when staff were compulsorily transferred from central government. Instead, continuation in the same public service pension scheme was to be required upon staff transfer. Whilst New Fair Deal has been in place for several years, the impact has been fairly limited in the LGPS. This is mainly because New Fair Deal is largely applicable to central and not local government.
58. The Best Value Pensions Direction 2007 continues to apply to local government which gives 'best value' employers (including local government) the option of a broadly comparable scheme, as well as continued LGPS membership, when a contractual outsourcing results in the compulsory transfer of staff. Whilst Best Value continues to apply in local government, it must be noted that MHCLG (now DLUHC) consulted on extending Fair Deal to the LGPS in early 2019 which, if introduced, would see the removal of the broadly comparable option for many outsourcing employers who participate in the LGPS. In addition to this, the consultation proposed the introduction of "deemed employer" status which has previously been more prevalent in private sector schemes, as well as providing for the automatic transfer of assets and liabilities in reorganisations and mergers and therefore avoiding the need for exit payments in such cases. The Fund responded to the consultation and was largely supportive of the proposals. Notwithstanding this, there has been little progress on this consultation in recent years. It is currently unclear whether Government intends to move ahead with the proposals.

Aim 2 - Keep contributions as low and as stable as possible through effective management of the Fund

59. Our approach to meeting this aim is set out below under the headings of:
- Review of the Funding Level.
 - The Valuation Process and the setting of Employers' Contributions.
 - Investment Strategy and the Investment Management Structure.

Review of the Funding Level

60. The PEST Analysis and the SWOT Analysis identify the cost of the Scheme as an issue for employers.
61. A pension fund is a long-term entity. The decisions that are taken at any point in time can have a long-term impact on a fund and on the participating employers and members.
-

62. It is important to review and understand the causes of the past movements in the funding level.
 63. The employers' contributions are set by triennial valuations. This may change in the future as the Government may consider a move to a quadrennial valuation cycle.
 64. The 1989 valuation showed a funding level of 118%, with this surplus being due to actual investment returns having greatly exceeded expected returns. This overfunded position led to the scheduled employers taking a contributions holiday.
 65. A significant change was made to the cost of the scheme in April 1990 when pension funds took over from employers the liability to pay pensions increases. This, combined with the contributions holiday, led to the surplus being quickly eroded.
 66. The funding level at the 1992 valuation was 98%. The contributions holiday was ended and an employers' contribution for the scheduled employers was phased in.
 67. The 1995 and 1998 valuations both resulted in funding levels of 87%. The 1998 result was adversely affected by the removal of the tax credit that was attached to UK equity dividends, which took effect from the July 1997 budget.
 68. The 2001 valuation revealed a deterioration in the funding level from 87% to 82%. This fall was attributable to:
 - improving longevity,
 - employer-specific factors such as pay awards, restructurings, ill-health retirements and early retirements, and
 - the investment returns in the inter-valuation period being below the levels assumed in the 1998 valuation, although this was alleviated in part by the Fund's performance being stronger than the peer group return.
 69. The bear market in equities between 2000 and 2003 led to a further and significant fall in the funding level. The 2004 valuation revealed a funding level of 64% based on our core assumptions. This was largely attributable to investment returns being below the level assumed in the 2001 valuation although, again, it was alleviated in part by the Fund's performance being stronger than the peer group return.
 70. Administering authorities and employers across the Scheme recognised that the falls in funding levels had led to employers' contributions rising from April 2005.
-

71. The 2007 valuation showed that the funding level had improved to 79% based on our core assumptions. This was attributable to investment returns in the three year period covered by the 2004 valuation being materially above the expected long-term returns. However, factors such as improving longevity put upward pressure on employers' contributions, which were increased for most employers from April 2008.
72. The global financial crisis damaged the asset base and funding level of pension schemes. Again, this was alleviated slightly by the Fund's performance being above the peer group return. The funding strategy was reviewed at the 2010 valuation to address the lower funding level. This involved adopting less stringent core assumptions for the employers with a stronger covenant and a greater reliance on guarantees for some employers with a weaker covenant. It was stated that the assumptions would be strengthened at later valuations. Following these changes to the funding strategy, the funding level at the 2010 valuation was 79% based on the new less prudent core assumptions.
73. The funding strategy was reviewed at the 2013 valuation and the assumptions were strengthened. The funding level was 81%.
74. The 2016 valuation showed that the funding level had improved further to 85%. The core assumptions used were broadly comparable to those used in the 2013 valuation.
75. On the back of very strong investment performance following the 2016 valuation, the funding level improved significantly to 106% at the 2019 valuation. This was achieved at the same time as increasing the prudence to the core assumptions. At the 2019 valuation, the majority, though not all, of the Fund's employers were in surplus.
76. The 2022 valuation saw a further improvement in the funding level to 110%. Whilst the core assumptions remained broadly the same as at the 2019 valuation, a short-term inflation factor was introduced on the back of extremely high levels of inflation in 2022. This was the first valuation undertaken on behalf on the Fund following the merger of the Northumberland County Council Pension Fund into the Tyne and Wear Pension Fund.
77. Whilst the majority of the Fund's employers are in surplus, it needs to be recognised that some employers, remain in deficit.

Valuation Process and the Setting of Employers' Contributions

78. The Fund has to prepare, maintain and publish a Funding Strategy Statement (FSS) that sets out the funding strategy, having consulted with appropriate persons when preparing the strategy.
-

79. During 2022 the Funding Strategy Statement (FSS) was updated to reflect the approach being taken at the 2022 valuation and the setting of contribution rates. The most significant changes included:

- a change to the approach of automatically using gilt yields as a reference point for assessing liabilities, including in exit valuations and for the valuations for orphan bodies. The approach now adopted, provides for increased flexibility to amend this approach when gilt yields are at extreme lows, and
- continuing the evolution in the approach to valuing the liabilities and setting contribution rates for colleges and universities.

80. The Fund's strategy includes:

- ensuring that all employers pay an appropriate contribution rate,
 - for most employers, breaking down the total contribution into a future service rate, calculated as a percentage of pay, and
 - if the employer is in deficit, an appropriate past service payment calculated as a lump sum, or in some cases, re-expressed as a percentage of pay, or,
 - if the employer is in surplus (above a set level), a reduction in the contribution rate expressed as a percentage of pay,
 - where appropriate, stepping in changes to contribution rates,
 - setting the discount rates and deficit recovery periods with reference to the strength of each employer's covenant, which may take the availability of bonds and guarantees into account,
 - a reliance on bonds and guarantees for employers with a weaker covenant,
 - the use of grouped rates for certain employers,
 - a robust policy for the recovery of Strain on the Fund costs arising from early payment of benefits, and
 - backing exit valuations with appropriate assets.
-

Objective 2 – The Fund has an appropriate Funding Strategy

81. Despite the completion of the 2022 valuation, the funding strategy continues to be kept under review. This is to ensure that the strategy adopted remains appropriate, targetting solvency whilst managing the cost of the Scheme to employers.
82. The next triennial valuation will be carried out as at 31 March 2025. Work for the 2025 valuation will start to increase during 2024/25 before we enter the valuation year in 2025/26.
83. The Fund is maturing with an increase in pensioner and deferred membership. This, and the improved funding level, is leading to a fall in contribution income and an increase in pension payments. The Fund's cashflow is being monitored to ensure that it is managed efficiently in relation to the payment of benefits and the investment strategy. The cashflow is also being selectively monitored at employer level, allowing the funding position of employers to be kept under review.
84. In the years between valuations, the Fund makes use of the Fund Actuary's (Aon) Risk Analyzer system to monitor estimated Fund level movements in the funding level and reports the results to the Pensions Committee. The monitoring to date shows reasonable stability in the funding level, although we remain in volatile times and the situation can change quickly.
85. Further work in relation to the funding strategy will include:
 - introducing new employers into the Fund,
 - managing employer exits from the Fund and ensuring that their liability to the Fund is met,
 - monitoring the position on employer covenant,
 - maintaining the employer database to ensure that all necessary data on each employer is in one place and in a format capable of being transmitted to the Actuary when required,
 - monitoring the position on the re-classification of colleges and the Government potentially offering a guarantee.

Investment Strategy and the Investment Management Structure

86. A key part of improving the funding position is ensuring that the Fund has an appropriate investment strategy in place. We must ensure the Fund's assets are invested effectively and appropriately in light of its financial position, liabilities and opportunities in investment markets.
87. The investment objectives are summarised in the Investment Strategy Statement. The Fund is required to keep this Investment Strategy Statement under review. The standard practice is to review it at least annually.
88. The Fund's investment objectives are:
- to invest in assets of appropriate liquidity to produce income and capital growth that, together with employer and employee contributions, will meet the cost of benefits, and
 - to keep contributions as low and as stable as possible through effective management of the assets.
89. In addition, the Fund has agreed a set of investment beliefs, which are set out in the Investment Strategy Statement. These investment beliefs in the areas of Environmental, Social and Governance issues in general and climate change in particular, have been strengthened in recent years.
90. As stated in the PEST Analysis and the SWOT Analysis, the Fund is compliant with the six Investment Principles that cover the areas of effective decision making, investment objectives, risk and liabilities, performance assessment, responsible ownership and transparency and reporting.
91. Since 2000, the Fund's strategic benchmark has been derived from asset liability studies that examine the financial position, the membership profile, the nature of the liabilities and analysis on the expected range of outcomes from differing investment policies. A full asset liability study is undertaken around the same time as each valuation. Desktop reviews or "healthchecks" have been carried out in the intervening years to ensure that this approach remains appropriate.
92. The current investment strategy was based upon an asset liability study carried out in 2022 which used the liability data from the 2022 valuation. The 2022 investment strategy could be summarised as a 5% switch from Growth to Income assets. This is a continuation of the Fund's longer term de-risking of the strategy which commenced in 2019. This has been driven by the increased funding level and the need for greater income given the fall in
-

contribution income and the maturing of the Fund. Income assets should provide for more stable returns going forward.

93. The 2022 strategy also involved a 3% allocation to a climate opportunities fund from Border to Coast, and a further 3% increase in the allocation to other private market asset classes, which the Fund's carbon footprinting suggests have improved carbon and climate metrics, all funded from quoted equities.
94. A health check of the 2022 investment strategy was undertaken in 2023/24. This confirmed that the current investment strategy remains appropriate, although there is scope for increased commitments to the second series of climate opportunities and the new UK opportunities mandate being developed by Border to Coast.
95. In 2024/25, the main focus of the investment strategy will be to continue to implement the 2022 strategy and also to continue to transition assets into Border to Coast. There will likely be a particular focus on UK commercial property, regional equities and an alternative product for the current LGIM RAFI mandate. Any changes also need to consider the impact they have on the Fund's carbon footprint, to ensure that the carbon reduction targets can be delivered.
96. The investment strategy is implemented through a management structure comprised of direct investment manager appointments that cover quoted equity and bond markets and the UK property market and investments through Border to Coast. The investment in private equity, global property, infrastructure and private debt is by way of allocations to funds, some of which are also with Border to Coast.
97. At the time of writing, the Fund has moved over a third of its assets into the pooled funds operated by Border to Coast.
98. In addition, material commitments have been made to the private equity, infrastructure, private debt, global property and climate opportunities programmes operated by Border to Coast. Most, if not all, of the Fund's new commitments to these private market programmes will be through Border to Coast going forward.
99. In future years, further assets will transfer to Border to Coast. It is forecast that by March 2025 approximately 60% of the Fund's assets will be under the direct management of Border to Coast.
100. It had been previously agreed that the transfer of assets to Border to Coast will exclude all assets in passive indexed investment vehicles. These passive assets have directly benefitted from a collective procurement exercise alongside the other funds in Border to Coast and considered to be "assets under pool management".

101. It had previously been agreed by Government, that the Fund's passively managed investments with Legal and General could remain outside of the direct management of Border to Coast because the legal structure in which they are held (life policies) is already a "pooled" investment product which is considered to be the most cost effective currently available. The previously agreed position is a now unclear following the Government's consultation on asset pooling in 2023. Further information is awaited from Government on passive investments.
102. At the current time, the Fund has around 70% of its assets either directly pooled or they will have benefitted from a collective procurement exercise linked to pooling.
103. Whilst the Fund has no strategic allocation to "local investments", there are number of asset classes within the structure where there is potential for local investment and the Fund already has some exposure to companies and assets in the region. This includes, but is not limited to property, infrastructure and private equity.
104. In 2023, the Fund made a commitment to the Foresight Regional Investment Fund IV. This is a private equity mandate focussed on the North East and Yorkshire. The Fund is also working alongside Border to Coast and Partner Funds on the development of a UK opportunities mandate. The UK opportunities mandate will invest in areas of "levelling up" and, although UK wide, it will tilt investment to the administrative areas of Border to Coast where this is appropriate.
105. Any investment, local or otherwise, must meet the risk and return requirements of the Fund and will need due diligence to be undertaken by a suitably experienced investment manager or advisor. It should be recognised that local investments also come with a conflict of interest and for this reason suitable governance structures would need to be in place. For these reasons, the starting expectation is that the "local investment" is best facilitated through Border to Coast's UK opportunities mandate.
106. The detailed work of the Investments Office, and any changes to the investment structure, will be set out in operational plans.

Objective 3 - Ensure that the Fund has an appropriate strategic benchmark and investment management structure

107. We will continue to ensure that the Fund has an appropriate strategic benchmark and investment management structure.
 108. As noted above, an asset liability study and review of the investment strategy was undertaken in 2022 with a subsequent health check undertaken in 2023. The outcome of the health check was to confirm that the 2022 strategy remained appropriate. However, it
-

also identified some opportunities to commit to the second series of climate opportunities and the new UK opportunities mandate.

109. The process of implementing the 2022 strategy remains ongoing and will continue into 2024/25 and beyond. It is recognised that it will take several years to build up the allocations to private market assets.
110. The next review of the investment strategy will be undertaken in 2025, alongside the 2025 valuation. Any changes made will need to consider the impact on pooling and the climate change targets set by the Fund. Any revisions to the strategy will be reflected in an update to the Investment Strategy Statement.
111. We will:
- implement the outcome of the 2022 review of the investment strategy,
 - undertake an annual review of the Investment Strategy Statement,
 - consider enhancements and changes to the management structure and individual mandates,
 - monitor the performance of all managers and custodians. This will also include investments with Border to Coast,
 - keep under review the approach to local investments,
 - ensure that the fees payable on alternative investments are justified by the net returns,
 - maintain financial control over all portfolios on a monthly monitoring cycle, and
 - manage the Fund level cashflow.

Objective 4 – Ensure other areas related to the investment of the Fund operate efficiently and effectively

112. We will continue to examine other areas that are related to the investment of the Fund, taking into account the future impact of pooling, on the following areas:
- the application of the tactical asset allocation mechanism,
 - the custody arrangements,
-

- stock-lending, to include an ongoing assessment of risk, the implications for voting, the recovery of overseas tax and the future viability with pooling,
- performance and risk management services,
- gross and net performance reporting,
- the payment, recovery and filing obligations in relation to UK and overseas tax,
- transaction cost monitoring and commissions paid. This will need to take account of the changes to the method of charging for research under MiFID II,
- the class action arrangements,
- the property insurance contract and policy renewal,
- the property valuation contract, and
- the property managing agents' contract.

Objective 5 - Examine ways of providing employers, at their request and at their own risk and cost, with an investment strategy that may be more tailored to their individual liabilities

113. The strategic benchmark and investment management structure is based upon an analysis of liabilities at the Total Fund level, resulting in employers being offered a “one size fits all” strategy.
114. We can examine ways of providing employers, at their request and at their own risk and cost, with an investment strategy that may be more tailored to their individual liabilities.
115. Such an approach could be of interest to employers that wish to adopt a lower risk strategy or that have a finite membership in the Fund such as contractors, or to employers whose liabilities differ markedly from the Total Fund liabilities.
116. The strong asset returns in recent years have meant that the funding level for the majority of employers is in excess of 100%, some materially so. Others still remain in deficit. This may result in some employers becoming more interested in an employer-specific investment strategy if the total Fund strategy is no longer considered to be appropriate for their funding position and risk profile.
117. To assist in this area, the Fund, in conjunction with Aon, the Fund’s Actuary, has “unitised” the Fund. This provides more accurate tracking of cashflow for each individual employer,
-

which in turn provides a more accurate funding position. It also has the benefit that it can be used to offer a more tailored investment strategy.

118. The position will be monitored to establish whether there is interest in this approach from employers. To implement such an approach would require an employer to request this and to meet the costs of implementation.

Objective 6 – Implement the Government’s initiative on the pooling of investments

119. As noted in the service profile and in the PEST Analysis, the Fund and 10 other LGPS funds have joined together to create an investment management company called Border to Coast Pensions Partnership Ltd, to jointly pool and invest the assets of the respective funds.
 120. As at 31st March 2023 the combined assets of the funds participating in Border to Coast were valued at around £60 billion.
 121. A significant amount of work has been undertaken in creating Border to Coast and the transition of the Fund’s quoted assets started in 2018/19.
 122. In July 2023, the Government launched an updated consultation on asset pooling. Included within the consultation was a proposal for all assets to be pooled by March 2025. The Government subsequently confirmed that this proposal will be implemented and guidance is expected on this soon. Clarification is needed from Government on whether passive mandates fall within the scope of the pooling requirements.
 123. The Fund is well-positioned in respect of transferring assets to the pool, but not all assets will be pooled by March 2025. Rather, this process is expected to run for several more years. This is not considered to be problematic as the Government has stated that a “comply or explain” process will operate, enabling the Fund to explain why certain products are not pooled. Nevertheless, expectation is very much that the Fund will continue to pool assets. Full compliance will likely take around 10 – 15 years whilst legacy private market commitments run off.
 124. The most significant change with the move to pooling is that the Fund is no longer responsible for appointing and monitoring individual managers. The Fund does, however, remain responsible for determining its strategic asset allocation and monitoring the performance of Border to Coast and other managers (as appropriate).
 125. To date, the Fund has invested in UK equities, global equities, emerging market equities, corporate bonds and multi asset credit with Border to Coast. The Fund has also made
-

commitments to the private equity, infrastructure, private debt, global property and climate opportunities programmes with Border to Coast.

126. Over the coming years, the Fund will work with Border to Coast in respect of UK commercial property, a multi-factor ESG focussed passive mandate, to find a solution in respect of the Fund's current regional equity mandates as well as the continued development of other new products.
127. Whilst some of the manager-related activities described above in Objectives 3 and 4 will be gradually subsumed into Border to Coast, the Fund has developed a number of actions which fall within this specific objective on pooling.
128. Consequently, we will need to:
- continue to work with the partner funds within Border to Coast, and Border to Coast itself, to develop appropriate monitoring arrangements,
 - consider the options for investing the Fund's non-pooled assets, excluding legacy private market and passive mandates,
 - continue to work with Border to Coast and the other partner funds to ensure that other appropriate sub-funds are available for the Fund to invest in,
 - assist in the appointment of a transition manager, where appropriate, for each transition and have active input into any asset transfer,
 - monitor the evolving position on asset pooling and comply with legal requirements, and
 - monitor the ongoing costs and savings resulting from pooling.

Aim 3 – Invest the Assets in a Responsible Manner

129. This aim is to ensure that the Fund's assets are invested responsibly.
130. Responsible investment (RI) is the integration of environmental, social and corporate governance (ESG) considerations into investment processes and ownership practices in the belief that these may impact both risks and returns.
131. The terms RI and ESG are used interchangeably. RI is a term that has increased in use more recently, and ESG is referred to in the LGPS Investment Regulations, but they are concerned with the same issues.
-

132. The Fund's approach to managing ESG or RI related issues is likely to come under increased scrutiny at a time when there is an increased focus on this within the investment industry. The Fund is working closely with Border to Coast and its other managers on these issues and undertakes an annual review of its approach to Responsible Investment.
133. The Fund's approach to ESG is described in the Investment Strategy Statement, where it is "recognised that ESG factors can influence long-term investment performance and the ability to achieve long-term sustainable returns." The key points are that the Fund:
- considers the financial impact of ESG factors on investments,
 - acts as a responsible and active investor/owner, through shareholder voting and company engagement as part of the investment process, and
 - has a specific policy in relation to ESG factors.
134. The Fund has a range of investment beliefs, a number of which relate to ESG as follows:
- Well run companies will produce superior returns for shareholders over the long-term. There should be a focus on governance and engagement over disposal.
 - ESG issues can represent long-term financial risks to the Fund and its holdings. Climate Change is one of the most significant of these risks, reflecting the changing nature of the world we live in. The investment strategy includes approaches to addressing these issues for both actively and passively managed assets.
 - Effective Oversight of Responsible Investment requires monitoring of ESG and Climate Related Metrics.
 - It is not just through the shareholding in public companies, but also holdings in bonds, property and private market investments that can influence and effect improved outcomes over the longer term.
 - Engagement with companies on climate related issues can be effective in creating change to protect shareholder value.
 - Climate change provides investment opportunities as well as risks.
 - Asset owners and managers have a responsibility to ensure there is effective engagement on climate related issues.
135. The Fund has a Corporate Governance and Responsible Investment Policy that sets out the Fund's approach to RI. This is reviewed annually.
-

136. One of the key approaches to managing ESG risks is through engagement with the companies in which it invests. Engagement is a resource intensive exercise and it can be ineffective to undertake it on a standalone basis. For these reasons, the Fund's engagement is undertaken:
- on its behalf by its investment managers, including Border to Coast and Legal and General, and
 - through the Local Authority Pension Fund Forum (LAPFF).
137. The move to pooling has provided additional resources, enabling direct involvement by Border to Coast in engagement and voting. This is considered to strengthen the Fund's approach.
138. In an attempt to strengthen the industry approach to RI, and ensure that asset owners and investment managers take their responsibilities seriously, the Financial Reporting Council (FRC) has established a Stewardship Code
139. The Stewardship Code sets high expectations of those investing money on behalf of UK savers and pensioners. In particular, the Code establishes a clear benchmark for stewardship. Organisations wanting to become signatories to the Code will be required to produce an annual Stewardship Report explaining how they have applied the Code. The Fund is currently a signatory to the Code but will need to make an annual submission for approval by the FRC.

Approach to Managing Climate Change Risks and Opportunities

140. Climate change is recognised as a significant financial risk, which provides both opportunities and threats to the assets in the Fund. It is important that the Fund is able to manage these risks and opportunities appropriately and respond. A considerable amount of work has been undertaken by the Fund in this area and this will continue over the coming years, as this area is a key priority for the Fund.
141. A standalone Climate Change Policy has been agreed which includes some ambitious targets to reduce carbon emissions by 30-35% by 2025 and by 50-60% by 2030. Overall, the Fund is targeting being Net Zero Carbon on its investments by 2050 or sooner.
142. It will be important that action is taken to drive change and reduce carbon emissions within the investment portfolio going forward. Consequently, the Fund has also agreed a range of climate metrics and developed a roadmap of actions needed in order to deliver against the agreed targets. This includes the need to undertake an annual carbon footprint on the Fund's investments.
-

143. The Fund is making excellent progress in reducing the carbon footprint of the investment portfolio. The assessment undertaken as at 31 March 2023 showed a reduction in the carbon footprint of 39.4% against the 2019 baseline (based on scope 1 and scope 2 emissions). This means the Fund has met its first interim target two years early.
144. As discussed in the PEST Analysis, a consultation on the introduction of Taskforce on Climate-Related Financial Disclosures (TCFD) within the LGPS has been undertaken. Current expectation is for this to be introduced in the LGPS with effect from December 2025. Despite this not yet being a mandatory requirement, the Fund produces an annual TCFD report on a voluntary basis. The regulatory position will need to be monitored, however, in case changes are needed in respect of the metrics chosen by the Fund.
145. During 2020, the Fund invested into a range of ESG focussed passive funds with Legal and General. These are called Future World funds. They now take account of a range of 34 different ESG factors, and tilt weightings in individual companies to those that have good scores in these areas. It is believed that, over time, companies who are good at managing ESG risks and opportunities will outperform. These funds also have the benefit of reducing the Fund's exposure to carbon intensive companies.
146. The 2022 review of the investment strategy showed that some small changes could be made to increase the allocations to lower carbon asset classes, which would be supportive of the Fund's carbon reduction targets. In summary, the changes which should assist in delivering the carbon reduction targets are set out below:
- Investing in the new Climate Opportunities Fund developed by Border to Coast. This will seek to identify investment opportunities to help with the transition to a low carbon economy. Over time, the allocation to these type of investments is targeted to reach 3% of the total Fund. The Fund made a £465 million commitment to this product in March 2022.
 - Allocating a further 3% of the Fund's assets to other private market asset classes, which the Fund's carbon footprinting suggests will improve the climate metrics. The additional commitments to private markets is to be funded from quoted equities.
 - Consider transitioning out of the Fund's current single factor fund into a multi factor product with strong ESG and climate change credentials. Work on this will be undertaken in 2024/25.
 - Review the options for investing in more ESG and climate friendly bond products. These are often referred to as "green bonds".
147. At the same time as undertaking the 2022 asset liability modelling and the review of the investment strategy, the Fund also undertook some climate change scenario analysis. This
-

work confirmed that the Fund's current strategy remained appropriate and the Fund was well placed to respond to the challenges and opportunities from climate change.

Objective 7 – Ensure the Fund has an appropriate approach to managing its approach to ESG factors and climate change risks and opportunities.

170. In terms of the approach to ESG and RI the Fund will:

- undertake an annual review of the Fund's approach to managing ESG and RI issues. This includes an annual update of the Corporate Governance and Responsible Investment Policy,
- actively participate in the ongoing development of the Border to Coast approach to RI and voting,
- submit an annual Stewardship Report to the FRC for approval, and
- report on the Fund's approach to RI matters and the voting record in the Annual Report and Accounts.

171. The work undertaken by the Fund on climate change in the past couple of years, with the development of the Climate Change Policy and carbon reduction targets, puts the Fund in a good position to respond to future challenges and opportunities. During 2024/25 we will:

- undertake an annual review of the Climate Change Policy,
 - review the net zero targets,
 - undertake an annual review of the climate change roadmap and set out the progress against the actions,
 - undertake an annual carbon footprint and report against the Fund's agreed carbon metrics,
 - continue to assess the role of private markets in managing climate risk,
 - continue to assess the implications of an exclusion policy if engagement is not working,
 - actively engage with managers to ensure that they are appropriately addressing the climate change related risks, opportunities and threats,
-

- produce an annual report on the Taskforce on Climate-Related Financial Disclosures (TCFD),
- monitor the position on the consultation from Government on introducing a regulatory requirement to produce a TCFD report and adapt the Fund’s approach to accommodate these requirements,
- review suitable multi factor investment products with strong climate change credentials and take a recommendation to Committee on whether to invest,
- review the options for investing in “green bonds”, and
- continue to keep the climate change scenario analysis under review.

Aim 4 – Work with our partners to provide high quality services to employers and members.

172. Our fourth aim is *“to work with our partners to provide high quality services to employers and members”*. The objectives and actions are set out under the headings of:

- Organisation Structure and Other Staffing Issues,
- Joint Working with Other Administering Authorities,
- Pensions Systems,
- Pensions Processing,
- Data Security,
- Performance Management,
- Financial Management,
- Risk Management, and
- Equality, Diversity and Inclusion.

Organisational Structure and Other Staffing Issues

173. The establishment of the Pensions Service is monitored to ensure that it is capable of delivering the service required.

174. The factors that impact on the structure include:

- any joint working with other administering authorities,
 - the increasing demands in respect of governance for pension funds and the oversight from the Pensions Regulator,
 - the LGPS is complex, combining a CARE Scheme for post 2014 membership and a final salary scheme pre 2014,
 - the need to evolve the service provision for members and employers, and to maximise the use of technology in these areas,
 - an increase in the number of employers in the Fund,
 - an increase in the number and complexity of employer admissions and the ongoing management of employers. This is as a result of a range of factors, including the creation of academies, the requirements in relation to bonds and guarantees as set out in the Local Government Pension Scheme Regulations 2013, the restructuring of employers and admission agreements and withdrawals from the Fund. A robust system must be in place for this area of work, which is largely managed by the Governance and Funding Office,
 - changes to the number of members and type of membership due to ongoing financial pressure on public sector bodies, including local government,
 - auto enrolment and auto re-enrolment,
 - changes in legislation that have led to an increase in the number of the more complex pensions processing queries and transactions,
 - more members are requiring information on their pension options and tax position,
 - improvements to the pensions administration system which should lead to more efficient processing,
 - outstanding processing volumes,
 - the quality of member data,
 - financial reporting and control have become more complex and the volume of work is increasing,
-

- the investment of the Fund has become more complex, with an increased focus on Responsible Investment,
 - the implications and implementation of asset pooling,
 - the extent to which the Fund can adopt flexible working arrangements, such as home working and the increased use of technology.
175. In 2022, the Pensions Service completed and implemented a review of the organisational structure. The process to complete this review took a couple of years and was driven by the ever increasing demands on the Service, with an increased focus on governance, funding and service delivery. This restructure has been generally well received by staff.
176. The first phase of the restructure started in 2020/21 and involved the creation of a Governance and Funding Office to deliver initiatives in these areas. This coincided with the merger of the Fund with Northumberland County Council Pension Fund.
177. The second phase was completed and implemented in October 2022. This phase was largely centred around the Pensions Office and service delivery reflecting the different requirements for scheme members and employers and the need to constantly evolve and to drive projects, process improvements and efficiencies.
178. During the restructure, there was a very limited change to the Investment Office. It is noticeable recently, that within the pensions industry and the Fund, there is an increased focus on Responsible Investment and Climate Change. The Service has responded positively to this and materially enhanced its approach to Climate Change in particular. This is however, adding additional workload pressures on the Investment Office and a new post has been created to assist with this.
179. Further details on the organisational structure and the changes made are set out earlier in the Service Plan.
180. In addition to the permanent staffing structure, the Pensions Service also makes use of temporary staff to deal with higher levels of workload over the shorter term. This has proved to be very successful in recent years with many temporary staff applying for permanent posts when they become available.
181. There is a section below on Pensions Processing and this notes that there has been a further increase in lower priority outstanding processes during 2023/24. This is largely being driven by staffing/resourcing issues, including:
- staff turnover and vacancies with permanent and temporary staff. These problems are not unique to the Pensions Service, as this is a general issue across a wide range of employers,
-

- a spike in processing volumes resulting from employers returning to business as usual following the Covid-19 pandemic, the impact of McCloud and the late settlement of pay awards which means that benefits need to be recalculated,
- implementing the new organisational structure. Whilst the new structure is expected to deliver operational efficiencies, it was also expected that it would take around 12-18 months to bed in.

182. The forced move to home working as a result of Covid-19 demonstrated that there are merits in considering different working arrangements, provided that this is in the long-term interest of the service and the staff. The Council is continuing to develop its modern workplace programme to consider the extent to which more flexible working arrangements can be adopted longer-term and what action would need to be taken to make this work. The Pensions Service is actively involved in the modern workplace programme and will adapt the Council approach to its own requirements.

Objective 8 - Keep the staffing structure under review and ensure it is fit for purpose.

183. The Fund will need to monitor the staffing structure and establishment and implement any changes considered appropriate.
184. The Fund will develop a workforce strategy to cover issues such as recruitment, retention and succession planning.
185. The Fund will actively contribute to the Council's modern workplace programme on longer term flexible working arrangements and implement changes as required.

Objective 9 - Continue to develop training for and communication with staff.

186. We will continue to address the delivery of training and communication with staff. The Council has an employee annual review process in place which is used by the Pensions Service.
187. The CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills has been implemented. This Code has recently been updated and the recommendations for senior staff adopted.
188. The career grade for Pensions Office staff was subject to a full review in 2015/16. It is appropriate for this to be reviewed again following the changes to the new organisational structure.
-

189. We understand the need for effective communication with staff to ensure that they are kept up to date on corporate matters, legislation and working practices.
190. Managers need to ensure there is a depth and breadth of knowledge within and across Teams and Offices to provide cover for absences, staff progression and departures.

Objective 10 - Apply the Sickness Management Procedure and achieve the sickness target.

191. The Service applies the Council's Sickness Absence Procedure and has a target set annually for days lost to sickness.
192. The Service has a target for sickness absence of 6 days per employee.
193. We will continue to implement the Sickness Absence Procedure.

Joint Working with Other Administering Authorities.

194. The Fund set up a pensions administration shared services arrangement with Northumberland County Council Pension Fund in January 2018. Shortly after this, discussions commenced around merging the funds. Following two years of planning, the merger was concluded in June 2020. The shared service and the merger delivered efficiencies for both parties.
195. The investment pooling arrangement that exists, with 11 funds being joint owners of Border to Coast Pensions Partnership Ltd, is also a form of joint working that is delivering efficiencies and providing additional resources for the partner funds to use.
196. Consequently, it is considered appropriate that the Fund continues to assess any opportunities that might exist for joint working between administering authorities. This could be for investments, pensions administration, governance reviews or valuation issues.
197. As the pooling initiative has developed, the Fund is already working more closely with the funds involved in Border to Coast. It is expected that this will provide further opportunities to get involved in other selective joint working on appropriate areas of investment and also potentially pensions administration, governance and valuation work. The Fund will need to ensure it is appropriately placed to take advantage of any opportunities.
198. In addition to formal joint working initiatives, we use the Scheme-wide framework agreements for procurement. The available frameworks include:
- Actuarial, Benefits and Governance Consultancy Services,
-

- Global Custody Services,
 - Investment Management Consultancy Services,
 - Legal Services,
 - Pensions Administration Systems,
 - Pensions Administration Operational Support Services,
 - Stewardship Services,
 - Investment Management Performance and Cost Monitoring and Reporting Services, and
 - Transition Management and Implementation Management.
199. We work with the Local Government Association on the communication strategy for the Scheme, the development of material and the use of social media for the communications strategy.
200. We engage widely with other funds across the LGPS through various working groups, and also have representation on Scheme and industry bodies such as the PLSA and LAPFF.

Objective 11 – Joint Working Opportunities

201. With regard to joint working we will:
- continue to explore and consider opportunities for joint working with other administering authorities and organisations, and
 - maximise the use of framework agreements when tendering services.

Pension Systems

202. The development work on systems and ongoing maintenance is undertaken largely within the Systems team, working alongside the other teams in the Pensions Office.
203. The contract on the pensions administration system was reviewed in 2021 and a seven year contract, with the option to extend for a further three years, was awarded to Civica, for their UPM system. The new contract commenced in April 2022. The award of this
-

contract followed a procurement process that was undertaken through a framework agreement.

204. The Fund's move to monthly contribution posting and data submission is progressing. It is known that the Pensions Regulator favours this approach as it is believed that this also improves data quality. The move to monthly contribution posting and data submission may be more labour-intensive initially, but it could provide for longer term efficiencies and improvements in data quality. The move of employers to monthly contribution posting is underway but progress is likely to be gradual as this is a significant piece of work.
205. Increased automation of processes will be essential to the future development of the service, with a number of projects under consideration. Priority has been given to those that can deliver the greatest efficiencies and/or service improvements.
206. Management information is key to the Fund improving performance. At the current time, much of the provision of this data is subject to manipulation outside of the main pensions administration system. To improve the provision of this information and make the whole process more streamlined, the Fund is looking to adopt the new management information model within the UPM system. The newly created Development Team within the Pensions Office will work with the Systems Team to deliver improvements in this area.
207. Pensions dashboards are set to be introduced across the industry to allow individuals to be able to see all their pensions savings and benefits in one place. The Fund will need to ensure that it can develop its service to be able to deliver the information required in the necessary format. This will also have an impact on resourcing.
208. The UPM system uses an Oracle database and the Fund will need to move away from this over the coming years. A move to SQL is considered appropriate and consideration will also need to be given as to whether to move to a "hosted" and / or cloud based platform. This will be a priority area over the next few years.

Objective 12 - Develop the pensions administration systems to enhance the service to members and employers

209. The development work on systems to be undertaken in 2024/25 will include:

- monthly contribution posting and data submission,
 - increased automation for individual processing,
 - upgrade of the employer administration portal solution,
 - development of the data validation module, and
-

- scoping the conversion from Oracle to SQL and exploring further whether to move to a “hosted” platform.
210. Further developments scheduled for 2025/26 include:
- increased automation of the pensioner payroll, and
 - retire online for certain groups of members.
211. The Fund has reconciled each individual member’s Guaranteed Minimum Pension entitlement to records held by HMRC. Work remains ongoing to rectify and resolve all differences and update members records.
212. In addition to the reconciliation work and the rectification of individual records, the Fund will be required to equalise male and female members’ benefits and transfer out payments, in respect of the GMP element made to members who left the Scheme between 17th May 1990 and 5th April 1997. At the current time, however, the necessary guidance from Government has not yet been received. In the absence of this guidance, the work on this needed is yet to be quantified. The position will continue to be monitored.
213. The ongoing development of processes in UPM is continuing. The Pensions Office is delivering a number of initiatives, including:
- the use of more efficient working practices,
 - a review of key administration processes,
 - improved online help and guidance notes, and
 - a review of and improvement to online forms.
214. On request, the Fund exercises its discretion to make trivial commutation payments. Consideration will be given to proactively contacting members and offering this facility. Historical cases will be looked at in future years.

Pensions Processing

215. From 2014 through to early 2020, the Fund had significant backlogs in pensions processing work. These backlogs originated from the materially delayed release of the LGPS Regulations 2013 and associated guidance, combined with the increased complexity of the
-

- 2014 career average scheme. These backlogs were however, largely eliminated in early 2020, immediately before the Covid-19 pandemic hit.
216. During 2020/21, the number of outstanding processes rose, mainly as a result of reduced operational efficiency on the back of Covid-19, although the increase was not material.
 217. The increases in outstanding processes has continued in recent years. The usual pattern is that processes increase early in the year around the time of the annual contribution posting exercise, but this is then caught up later in the year. However, the anticipated fall has not occurred as expected recently. This has resulted in processing backlogs being at a high level. Tackling these backlogs will be a priority area.
 218. Due to the risk based approach to processing work, resources have been devoted to the higher priority work, including putting pensions into payment, deaths and other key life events. Therefore, the outstanding work is largely in the lower priority work.
 219. Dealing with these backlogs has in the past severely impacted on systems development work and processing.
 220. Pensions processing is carried out within the Pensions Office, by two teams, each of which specialises in specific processes. This specialism helps to improve efficiency. The work of the teams is set out in operational plans.
 221. UPM is used by the employers via a secure web portal to submit member information, notify the Fund of joiners, leavers and new retirements, review records and carry out estimates of their employees' benefits.
 222. For a number of years, the Government has considered introducing exit payment caps on employees leaving the public sector under non ill-health employer led initiatives. Whilst legislation was initially passed to introduce these exit payment caps, this was later revoked. However, it remains policy intent for the Government to take measures in respect of high exit payments in the public sector. The Government has stated that it expects to take action 'as soon as possible'. At the time of writing it is not known when Government will bring forward new proposals. Should new measures be introduced this may impact on pensions processing.
 223. When the 2014 scheme was introduced there were a range of protections put in place to ensure that members over a certain age did not suffer any detriment in the value of their benefits at retirement. In 2019, following a court case known as "McCloud" it was determined that these protections amounted to age discrimination. In mid-2020 the Government announced its proposals for remedying the age discrimination issues in the Scheme. The new Regulations became effective from October 2023.
-

224. The Fund has worked with employers to collect data and continues to update member records. It has been a significant exercise to review and update members records in preparation of revising any benefit payments as appropriate. Although the McCloud remedy has now been implemented into the LGPS, the late implementation of the Regulations meant there were delays in the development of the software solution by Civica. This has impacted on the ability to update member records and calculate benefits for those new members now in scope. This work will run into 2024/25.
225. The expected introduction of pensions dashboards should give individuals a better understanding of their pensions and support their retirement planning. There will be significant resourcing issues in delivering the work on this project. The Government has recognised this and has delayed the staging date for the LGPS to September 2025.
226. A data cleansing initiative in relation to common data has been applied for a number of years. We have also carried out a data cleansing initiative for the past few years on scheme specific data, albeit on standards set by the Fund rather than LGPS agreed guidance. In 2022, the Fund largely implemented the LGPS standard scheme-specific data scoring and reporting module to comply with the Pensions Regulator's requirements. There are however, a small number of enhancements still needed to ensure full implementation and these enhancements will be finalised in 2024/25.
227. The Government's Freedom and Choice initiative has led to an increase in workload as members request transfers from defined benefit arrangements such as the Local Government Pension Scheme into defined contribution arrangements. A system has been put in place to assess applications for transfers and to ensure that only legal transfers take place and members are protected from scams, which are on the increase. In late 2021 new regulations were introduced which impact on this area and the Fund has implemented a revised approach.

Objective 13 - Introduce improved working practices across pensions processing and ensure compliance with legislation

228. Pensions legislation sets out timescales within which many processes are to be completed. We have derived timescales and targets for processing that are based on this legislation. These are referred to in the Employers' Guide and in the Pensions Administration Strategy.
229. The Fund has developed a range of performance indicators based on the timescales and processes set out in pensions legislation. Performance against these standards is reported to the Committee and the Local Pension Board on a quarterly basis.
230. In addition to these regulatory timescales, CIPFA has developed a proposed range of internal performance indicators for pensions processing. This supplements the use of the processing timescales set out in the disclosure regulations. The Fund has adopted a range
-

of local performance indicators based on the CIPFA guidance. Performance measurement against these indicators commenced on 1st April 2020. The Scheme Advisory Board is reviewing performance indicators and the position will be monitored.

231. As noted above outstanding processing volumes have increased recently. Therefore, the timetable for processing in 2024/25 has been prepared with the aims of:

- reducing the processing volumes to ensure outstanding work is at an appropriate level,
- improving performance against processing targets,
- providing the annual update to pensioners by the internal deadline of 16th April,
- completion of the contribution posting exercise by 30th June,
- maximising the number of completed benefits statements,
- achieving the statutory deadline of 31st August for the production of deferred and active annual benefits statements, and
- issuing the pensions savings statements by 6th October.

232. The quality of data flows from employers is a key factor in controlling costs and achieving processing deadlines. The Employer Services Team will work with employers to develop an employer engagement strategy with a view to improving the quality and timeliness of data through:

- mailshots,
- employer training,
- the Employers' Guide and the Pensions Administration Strategy, which sets out the timescales and targets for processing,
- performance indicators that measure the timeliness and quality of the submission of data,
- targeting those employers that are experiencing particular difficulties, and
- increasing data validations with electronic processing.

233. The Fund will need to work towards being "Dashboard Ready", by the staging date of September 2025.

-
234. Currently an annual data scoring exercise is undertaken on common and scheme-specific data. This results in the production and implementation of a data improvement plan. This will ensure that final enhancements to the LGPS standard scheme-specific data scoring and reporting module are implemented. The Fund is planning to move towards monthly data scoring.
235. The Fund also undertakes a member tracing exercise for all members with whom we have lost contact.

Data Security

236. Data and cyber security continues to be very high on the agenda. This is especially the case with the General Data Protection Regulations (GDPR) which came into force on 25th May 2018 and the continued threat of cyber attacks.
237. The Fund sits within the Council's ICT Information and Governance framework. As the Fund is administered by South Tyneside Council, it shares the same legal entity and forms part of the Council's Data Protection registration.
238. The Fund has worked with the Council to ensure that appropriate controls are in place, the requirements of GDPR are met and cyber security controls are in place. The Fund participates in a cross-service working group that has been established by the Council.
239. The Committee, the Local Pension Board and staff have all been briefed on the requirements of GDPR and cyber security. The Fund has taken all the necessary actions in this area. Committee and the Board have asked for further training on data and cyber security and this will be provided in 2024/25.

Objective 14 – Ensure Appropriate Data Security is in Place

240. To ensure appropriate data security arrangements are in place the Fund is reliant on the controls and processes of the Council.
241. To comply with GDPR, and cyber security controls the Fund will:
- work with the Council and industry wide working groups to ensure that the requirements of GDPR continue to be met,
 - work with the Council and industry wide working groups to ensure that the requirements of cyber security continue to be met,
 - report on and monitor data breaches, and
-

- ensure all staff undertake appropriate training courses provided by the Council.

Performance Management

242. The main ways in which we know whether we are meeting our vision and aims are through:

- an annual self-assessment of the performance of the Committee, Local Pension Board, the Officers and the Investment Consultant,
- quarterly and annual monitoring reports to Pensions Committee and the Local Pension Board,
- monitoring performance against our aims, objectives and actions,
- monitoring processing against targets set out in pensions legislation,
- monitoring against our internal key and local performance indicators,
- external monitoring of investment performance and risk,
- external monitoring of investment fees,
- comparisons with peer group data
- the level and outcome of referrals to The Pensions Advisory Service (TPAS), the Internal Disputes Resolution Procedure, the Pensions Regulator and the Pensions Ombudsman,
- reports from the Internal Audit Service, Isio and Ernst & Young, and
- consultation with our stakeholders to get their views on the service we provide.

243. The Scheme Advisory Board developed some draft key performance indicators in 2015/16 with the intention of updating these and releasing new indicators in 2016/17. However, to date, no further indicators have been released. It is understood, but has not been formally confirmed, that the Scheme Advisory Board will not pursue these performance indicators. The position on updated national performance indicators will be monitored.

244. CIPFA has proposed some pensions processing performance indicators. The Fund has adopted a range of performance indicators based on those suggested by CIPFA. Performance measurement against these indicators commenced on 1st April 2020.

Objective 15 – Ensure the Fund has appropriate performance management processes

245. A regular monitoring exercise shows how we are performing against the aims, objectives, actions and local performance indicators. We will continue to review these areas to ensure that we use indicators that have the most relevance to our activities and which will drive improvements to the service.
246. Whilst the Fund has a well-developed approach to performance management, consideration should be given to enhancing this, if appropriate. In particular, the Pensions Office is looking to enhance its performance reports.
247. We participate in a number of benchmarking exercises that provide comparative data on our costs and performance, as well as ideas to develop the service. We will continue to make use of such exercises to develop the service and to become more efficient and effective.

Financial Management

248. We prepare a three year financial plan and ensure that budget holder responsibilities are clearly defined and understood by managers.
249. In addition, budgets are monitored monthly and reported to Pensions Committee quarterly.

Objective 16 - Maintain financial control and meet the requirements for the final accounts and annual report

250. We will continue to maintain tight financial control over the entire Fund.
251. The statutory deadlines for the closedown of the Council's accounts are: end of May for the draft accounting statements and the end of July for the publication of the Council's Report and Accounts. The Fund is required to include its own financial statements within the Council's accounts.
252. In addition, the Fund is required to produce its own comprehensive Report and Accounts. The statutory deadline for this is 1st December each year.
253. However, it should be noted that, as a result of systemic national audit delays the Council's Report and Accounts since 2021/22 have not yet completed the audit process.
254. There has been no change to the deadlines for the Fund to produce its own Report and Accounts which is still 1st December each year.
-

255. CIPFA produces a range of guidance on what needs to be included in the Report and Accounts. The Fund will look to comply with these requirements.
256. We intend to closedown the 2023/24 accounts by the deadlines set out above and obtain an unqualified audit opinion.
257. In relation to the Annual Report and Accounts, the Scheme Regulations set out:
- requirements on the content,
 - the need to follow Department of Levelling Up Housing and Communities (DLUHC) guidance on the content,
 - a statutory deadline of 1st December following the year end for publication.
258. We will meet the statutory and best practice requirements for the content of the Fund's Annual Report and Accounts.

Risk Management

259. The Fund meets the requirements for the identification and control of risk by using a specific framework that is appropriate to the nature of the risks we face.
260. A Risk Register is maintained and is available on the Fund's website.
261. Isio has been appointed to undertake and develop the more specialised work in the internal audit programme.
262. Pensions Committee receives an annual report on the content of the Risk Register.
263. The Local Pension Board reviews the Risk Register each quarter.
264. The Local Pension Board reviews at least two specific risks in detail each quarter.
265. The Committee and the Board receive training on Risk Management.
266. In 2021, an audit was undertaken on the Fund's approach to risk management and was given a rating of "Full Assurance". This is the highest control rating that Internal Audit use.
-

Objective 17 - Fully embed a risk management framework

267. The Service must understand and manage the strategic and operational risks that it is exposed to. We must ensure that:

- the Risk Register is kept up to date and is acted upon,
- the Business Continuity Plan is up to date,
- workplace risk assessments are reviewed at least annually, are up to date and actions are implemented,
- hybrid working risk assessments have been undertaken and outstanding items actioned by managers,
- the Service is represented on appropriate risk management groups,
- staff have attended appropriate training courses on health and safety issues, and
- we work with Internal Audit and Isio to develop and achieve the internal audit programme.

Equality and Diversity and Inclusion

268. The issue of equality, diversity and inclusion (EDI) has increased in profile and importance over the past few years. The Council has an EDI working group and is refreshing its EDI vision. The Fund is represented on the Council working party.

269. The Council group is conducting a survey of employees and once the survey is complete the Fund will extrapolate the Council results over the Pension Service. It is not considered appropriate to survey the Pensions staff in isolation, as the sample size is too small.

270. In addition, a survey of the membership of the Fund was undertaken in 2023/24 and this will be used to help inform future service delivery.

271. The diversity of the Pensions Committee and the Local Pension Board was raised as an issue in the 2021/22 audit of the Fund's governance arrangements. Whilst the Fund has very little control over this, the issue has been raised with the Council's Governance team and some changes have been made to the process for requesting employer representatives and scheme member representatives on the Committee and the Local Pension Board, which provides for some limited flexibility to take EDI issues into account.

Objective 18 – Ensure the Fund has an appropriate approach to Equality, Diversity and Inclusion and this is considered in shaping the service delivered

272. The Service will participate in the Council’s Equality, Diversity and Inclusion Working Group.
273. We will complete and analyse the results of the EDI surveys being conducted on employees and members and consider how this may help in improving service provision.
274. Where possible and appropriate, we will consider EDI issues with regards to membership of the Committee and the Local Pension Board.
275. We carry out a regular equality check to ensure we are compliant with the Equality Act 2010.

Aim 5 – Make pensions issues understandable to all

276. We will meet our fifth aim, “to make pensions issues understandable to all”, through our approach to governance, consultation, communications and training.
 277. The issues to be addressed are set out below:
 - the Fund must have an appropriate governance structure,
 - with regard to consultation, we need to have robust systems to assess the views of stakeholders,
 - it is important that the Fund communicates with its stakeholders in a clear, purposeful and timely manner using plain English and in a manner that works for them, and
 - We must ensure that we have provided appropriate training for stakeholders.
 278. The Fund’s communications strategy is set out in our Communications Policy Statement.
 279. The objectives and actions that will assist us to meet this aim are set out below under the headings of:
 - Governance Structure,
 - Communications,
 - Communicating with Employers, and
-

- Communicating with the Membership.

Governance Structure

280. The governance structure is the system by which the Fund is directed and controlled. The structure is determined by the Local Government Pension Scheme Regulations and the Fund's internal governance structure.
281. The structure, including the format of meetings and the training programme, is kept under review by the Pensions Committee.
282. The governance structure is set out in the Governance Compliance Statement, which was last reviewed formally by the Pensions Committee in January 2024. The high level structure is set out in the Council's Constitution.
283. There has been an increased focus on governance in the LGPS, with the Scheme Advisory Board commissioning a "Good Governance" review of the LGPS from Hymans Robertson. Having reviewed the reports from Hymans Robertson, the Fund is considered to be well positioned to respond to any proposed changes. This has also been confirmed by an independent review from Deloitte, the Fund's former internal audit partner.
284. It is expected that the Pensions Regulator's General Code will be introduced in late 2023/24. This is a consolidated version of former codes of practice and does introduce some new requirements for LGPS funds. The Fund will need to ensure full compliance with the new code, although it is considered that we are very well-positioned in this respect.
285. As stated in the PEST Analysis and the SWOT Analysis, the Fund is compliant with all six Investment Principles as set out in the Myners report. The relevance of these principles is likely to diminish if the recommendations of the Good Governance Review are adopted by Government.
286. The Fund commissions an annual review of governance arrangements from Isio. This focuses on the Investment Principles as set out in the Myners report but also covers the wider governance arrangements and relevant guidance from DLUHC.
287. The Fund first introduced a Pensions Committee training policy in 2002 and this is updated annually. A joint training policy for the Committee and the Local Pension Board was formally adopted by the Committee in June 2022 and the Local Pension Board in July 2022. The training policy is compliant with the Pensions Regulator's Code of Practice 14.
288. The Committee has adopted the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills as the basis of its Training Policy and Programme. A revised version

of this Code was issued in 2021. Whilst the new Code has been adopted by the Committee a review of the training delivered against this new Code needs to be finalised.

289. The Board has adopted the CIPFA Technical Knowledge and Skills Framework for Local Pension Boards as the basis of its Training Policy and Programme. There were no changes to this framework during the year.
290. The recent asset pooling consultation also proposed recommendations in respect of training for Committee members. Further detail is awaited in forthcoming guidance.
291. In 2020 and 2022, the Fund took part in a National Knowledge Assessment co-ordinated by Hymans Robertson to assess the level of knowledge and understanding of the Committee and the Local Pension Board. This was a valuable exercise and will help inform the future training programme.
292. The training programme for the Pensions Committee is led by the Head of Pensions, with assistance from the Governance and Funding Office.
293. The training programme for the Local Pension Board is led by the Lead Officer, with assistance from the Governance and Funding Office.
294. During 2021/22, the Fund purchased an online training toolkit from Hymans Robertson to assist the overall training offering. Consideration will be given to using this in 2024/25 and future years on either a blanket basis or more targeted to new Committee and Local Pension Board members.
295. In addition, members of the Committee and the Board are offered training opportunities from Border to Coast and are also directed to additional training and support materials from the Fund and the Pensions Regulator.
296. We consult the Pensions Committee and Local Pension Board by way of reports and direct contact.

Objective 19 - Governance Structure

297. We will:

- keep the governance structure, including the format of meetings and training, under review,
 - review and implement changes, as appropriate, from the Good Governance review of the LGPS commissioned by the Scheme Advisory Board,
-

- review and implement changes, as appropriate, from the Pensions Regulator’s move to a single modular code,
- continue our best practice approach to the training programme, considering the Pensions Act, the CIPFA Code of Practice, the requirements of the Pensions Regulator, the output from the Hymans National Knowledge Assessment and the Committee and the Board’s specific requirements,
- assess the training delivered against the new CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills and use this to identify gaps in any training delivered, and
- review the online training package available from Hymans Robertson (and any other packages that are available) and take a view whether it should be used in 2024/25.

Communications

298. The Scheme Regulations require administering authorities to prepare, publish and maintain a written statement setting out its policy concerning communication with employers and scheme members.
299. The Fund’s Communications Policy Statement, was last approved by Committee in January 2024.
300. One of the challenges for the Fund going forward is to transition the communications strategy and approach to a more digital world with an increased use of technology and electronic communications.
301. The new organisational structure created a separate Employer Services Team and a Members Services Team. This was in recognition that the two different groups have different needs. The approach to communicating with each group is set out below.

Communicating with Employers

302. Whilst the co-ordination of the communication with employers is primarily through the Employer Services Team within the Pensions Office, the Governance and Funding Office has an important role to play, especially around governance, admissions and terminations and funding issues.
303. We have a range of initiatives in place for consulting, communicating with and offering training to current and prospective employers. These are set out below:
-

- we conduct surveys, generally annually, to ensure that we are aware of employers' views on the service we offer,
- we undertake an annual survey to seek information that might impact on the status of each employer's admission to the Fund,
- we hold an annual meeting with employers to discuss strategic matters such as the valuation, funding position and investment strategy,
- we provide three places on the Pensions Committee for employer representatives to sit in an advisory, non-voting capacity,
- the Local Pension Board has four places for employer representatives to assist the Pensions Committee to ensure the effective running of the Fund,
- there is a programme of meetings/seminars with employers to cover pension administration issues such as regulatory changes, communication initiatives and processing,
- an online Employers Guide provides detailed background information on the Scheme, the Fund and our processing systems,
- regular mailshots are sent out. All employers receive this information by e-mail,
- training seminars and workshops are offered to employers and are well received,
- the website is available as a medium to provide and receive information, and
- we work with the Local Government Association and other funds to develop communications initiatives, including Scheme guidance booklets.

Objective 20 - Develop communication with and training for current and prospective employers

304. During 2024/25 we will:

- develop an engagement strategy for employers,
 - review the role of the website in communications,
 - enhance the training programme,
-

- conduct a survey to ensure that we are aware of employers' views on the service we offer,
- undertake an annual survey to seek information that might impact on the status of each employer's admission to the Fund, and
- increase the use of video conferencing for meetings and training.

Communicating with the Membership

305. The Member Services Team within the Pensions Office co-ordinates all communications with members.
306. Crucial to the success of the communications strategy for members is the increased use of electronic communications. During 2019, the Fund fully implemented a member web and moved to providing electronic annual benefit statements, payslips and P60's. This has since been enhanced and updated to make the service more interactive and intuitive.
307. We have developed a range of initiatives for consulting and communicating with the members of the Fund.
308. Our past practice has been to survey each year one of the three categories of membership and this has generally taken place in a paper form. The move to introduce member web and increased electronic communication is providing the opportunity for surveys across the wider membership to be undertaken electronically and to introduce event-based surveys.
309. During 2024/25, it is planned to undertake a holistic review of member engagement. This will include considering our approach to member engagement and member representation on the Committee and Board.
310. Our current initiatives are set out below:
- we provide three places on the Pensions Committee for trade union representatives to sit in an advisory, non-voting capacity,
 - the Local Pension Board has four places for scheme member representatives to assist the Pensions Committee to ensure the effective running of the Fund,
 - we provide a helpline that managed around 46,500 calls in 2023,
-

- We responded to over 8,110 online queries in 2023,
 - Information is available via the website and as hard copy,
 - We provide an electronic annual benefits statement to active and deferred members and electronic annual pensions updates, P60's and payslips to pensioner members. On request we send out paper copies of this documentation,
 - A tracing service is used at the Fund's expense to seek to establish contact with lost members,
 - "What if" calculations can be undertaken by members on their online mypension account,
 - We work with the Local Government Association to develop communications initiatives, and
 - We keep the Additional Voluntary Contributions arrangements under ongoing review and work with our providers to ensure effective member communication.
311. We encourage members to communicate with us through secure messaging from their online accounts. There has been a 30% increase in contacts through secure messaging over the last year. Prior to this, the increase was 7% in 2022 and 25% in 2021.
312. Despite encouraging members to contact the Fund through secure messaging, the Helpline remains one of the main sources of contact with members. During 2021 we introduced a new helpline system which has enhanced the offering to members and provides valuable management information to help improve the service.
313. The public website provides a good database of information to members and employers and access to the member web. The appearance of the website was refreshed in 2022 to help make it more user friendly and intuitive. A follow up review will be undertaken on the content. The Fund will also consider a greater presence on social media.
314. Consideration will be given to introducing chatbots in 2025/26. System development work has been included in the work programme for the next three years.
315. Given the expected introduction of pensions dashboards, the Fund will need to ensure that it can develop its service to be able to deliver the information required to scheme
-

members in the necessary format. An action to ensure that the Fund is “dashboard ready” by September 2025 is covered earlier in the Service Plan.

Objective 21 - Develop communications with members

316. Initiatives for this period of the plan include:

- the development of an engagement strategy for members,
- continuing to develop, enhance and roll out the use of electronic communications to provide and receive information,
- working with scheme employers to join up communications and promote online services and improve the take up,
- continued improvements to member self-service,
- the delivery of the 2024 annual benefits statements in an electronic format,
- the delivery of the 2024 pensioners’ annual updates in an electronic format,
- communicate the implications of McCloud with members,
- considering the use of social media,
- achieving the annual statutory deadline of 31st August for the provision of the deferred and active annual benefit statements,
- undertake a review of the AVC provider and provision, for the Fund’s members,
- enhance the public website,
- consider the use of chat bots and thereafter web chat,
- continue to develop new management information for the Helpline, and
- work with the Local Government Association and the National Communications Group to develop the National LGPS website and deliver standard guides, documents and communications across the LGPS.

**Tyne and Wear
Pension Fund**

Westoe Road
South Shields
Tyne and Wear
NE23 2RL

